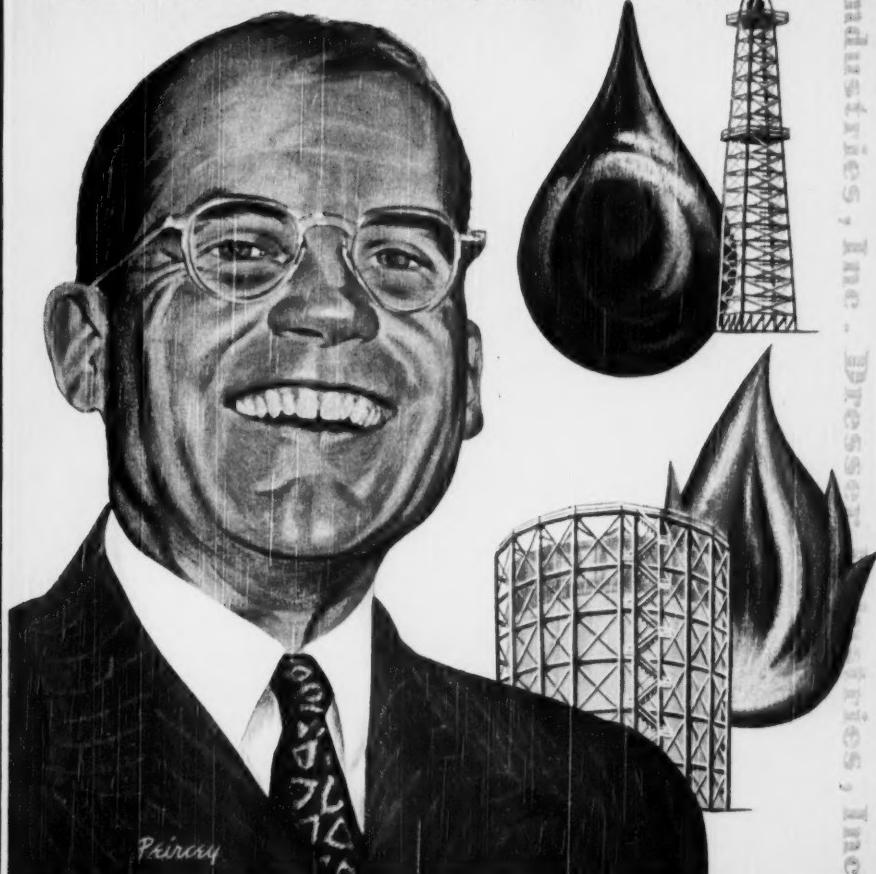


# BUSINESS WEEK

If a Labor Leader  
Ran Your Plant **PAGE 90**



Dresser Industries, Inc. Dresser



H. N. Mallon: His Dresser Industries is on the move again (page 34)

A McGRAW HILL PUBLICATION

APR. 22, 1950

TWENTY FIVE CENTS



Studebaker Land Cruiser

## You get thrift plus luxury in this new Studebaker !

**W**HAT a pleasant surprise you get when you figure up your savings! They're big the very first month you proudly drive a low, long, alluring Studebaker Land Cruiser.

You find you're getting all the luxury of this impressive long-wheelbase Studebaker at an almost unbelievable low cost per mile.

This Studebaker is actually hoarding gasoline for you—never squandering it! That's because there's no bulging excess bulk to over-

burden a Land Cruiser's trim, sleek structure.

Best of all, this richly appointed, special Land Cruiser keeps on economizing for you the way all Studebaker cars always do.

Stop in and take a ride in this Studebaker and you'll eagerly take it away. Take a look, too, at all the other outstanding 1950 Studebakers.

### NEW 1950 STUDEBAKER *Out ahead in style...in thrift...in value!*



The thrilling new luxury of nylon seat upholstery! Washable, long wearing, distinctive nylon cord fabric is now standard in the special Land Cruiser and regal de luxe Commanders.



New Studebaker brakes cut your costs. They automatically adjust themselves to lining wear—the firm brake pedal feel and swift, sure stopping power of a brand-new car mile after mile!



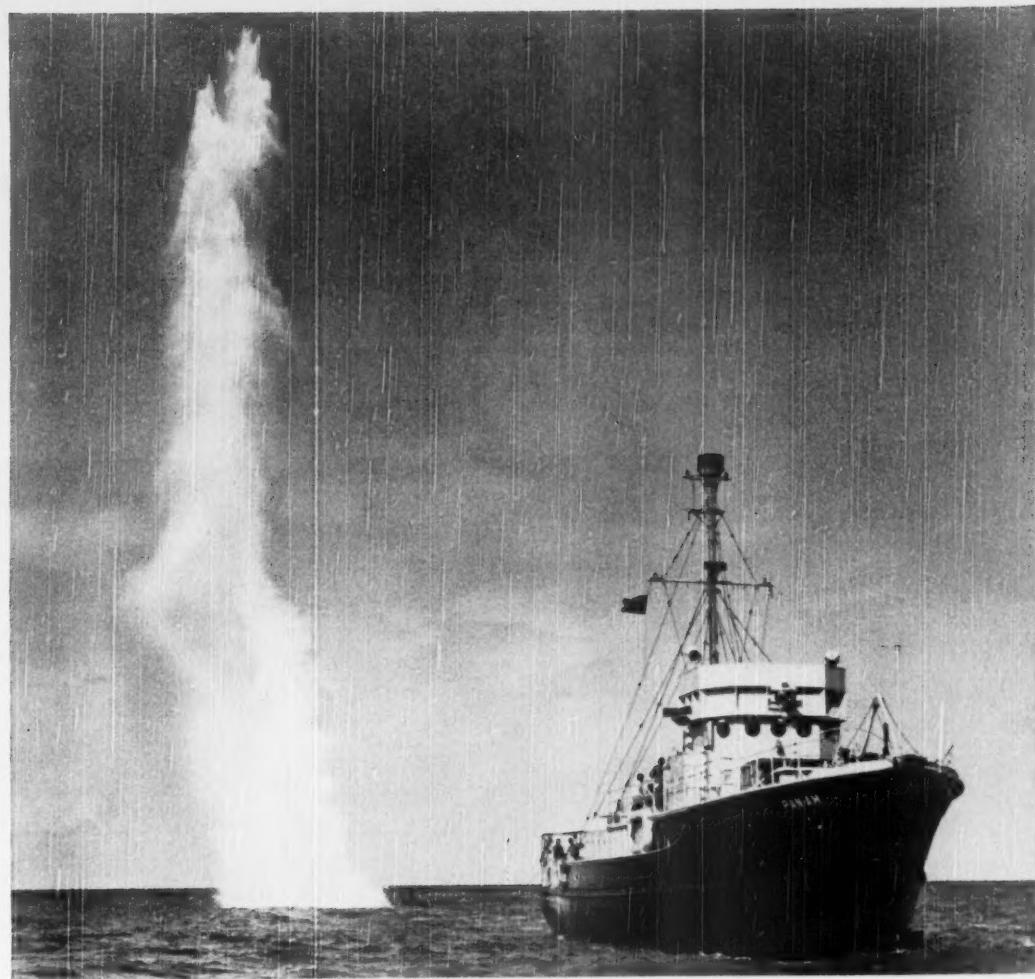
The extra safety of extra visibility makes all your Studebaker driving much easier. At night, a Studebaker's instrument panel dials do not glare. They glow softly with "black light".



You spend little on repairs! Studebaker's unique father-and-son teams and other trustworthy master craftsmen build Studebakers to stand up enduringly.

Studebaker Corp., South Bend 27, Indiana, U.S.A.

White sidewall tires and wheel discs optional at extra cost.



Equipment by Marine Instrument Company, Dallas, Texas.

## Treasure hunt by dynamite

### *Koroseal is a typical B.F. Goodrich product improvement*

LOOKING for submarines gave an engineer an idea of how to look for oil under water. He wanted to drag hundreds of delicate instruments along behind a ship, set off dynamite charges, and the instruments would measure "echoes" to tell where oil was likely.

The instruments would be in a tube 3,000 feet long filled with oil. But he had to have a tube that would be *very light*, translucent so he could check the spacing of the instruments, a tube that would stand the oil and be tough enough to stand dragging over sharp coral and rocks. Then it had to be as

smooth as glass because a rough surface would set up sound waves that would cause false recordings on the instruments. Even rubber hose was too rough.

Koroseal flexible material was the answer. What will Koroseal do next? You business men with product problems can probably think of even more ways to use it than we can.

Koroseal flexible material can be made in any color, shape, thickness, and degree of hardness. As a furniture upholstery, it is practically scuffproof. It is so flame resisting that it won't burn unless held in a flame, goes out

when flame is removed. It resists oil and grease, most acids, most stains. It is waterproof—and never loses that quality. It can be washed, sewed, heat sealed, printed.

Koroseal, being man-made, can be engineered to your needs. Let's talk about it and your products. *The B.F. Goodrich Company, Koroseal Sales Department, Marietta, Ohio.*

Koroseal ... Trade Mark ... Reg. U. S. Pat. Off.

**B.F. Goodrich**  
*Koroseal Flexible Materials*



# *What Makes an* **ANTIQUE?**

**New Processes, Improved Machines Speed the Pace of Industrial Progress . . .**



**World's first** successful plant for recovering oil from rice bran using new continuous-solvent extraction process. Designed by A-C, this plant produces 2,000 gallons of oil a day and will soon pay for itself.

**New all-metal** Allis-Chalmers Low-Head sifter handles most granular materials, cold or hot. Quickly cleaned with hot water or steam, it meets today's strict sanitation demands.



**Now with new** "automatic" variable speed sheaves, Texrope multiple V-belt drives (originated by A-C) further revolutionize power transmission in textile and other industries. *Txrope is an Allis-Chalmers trademark.*

For 103 years, Allis-Chalmers machinery has played a vital part in the advance of flour milling, electric power, mining, cement making, public works—nearly every major industry.

Partly age. Partly sentiment. Partly hand workmanship.

But mostly, it's *progress* that makes antiques.

The old spinning-wheel is quaint and attractive, but—want to weave your own clothing? The soot-blackened kettle is decorative, too. Anybody want to cook in it?

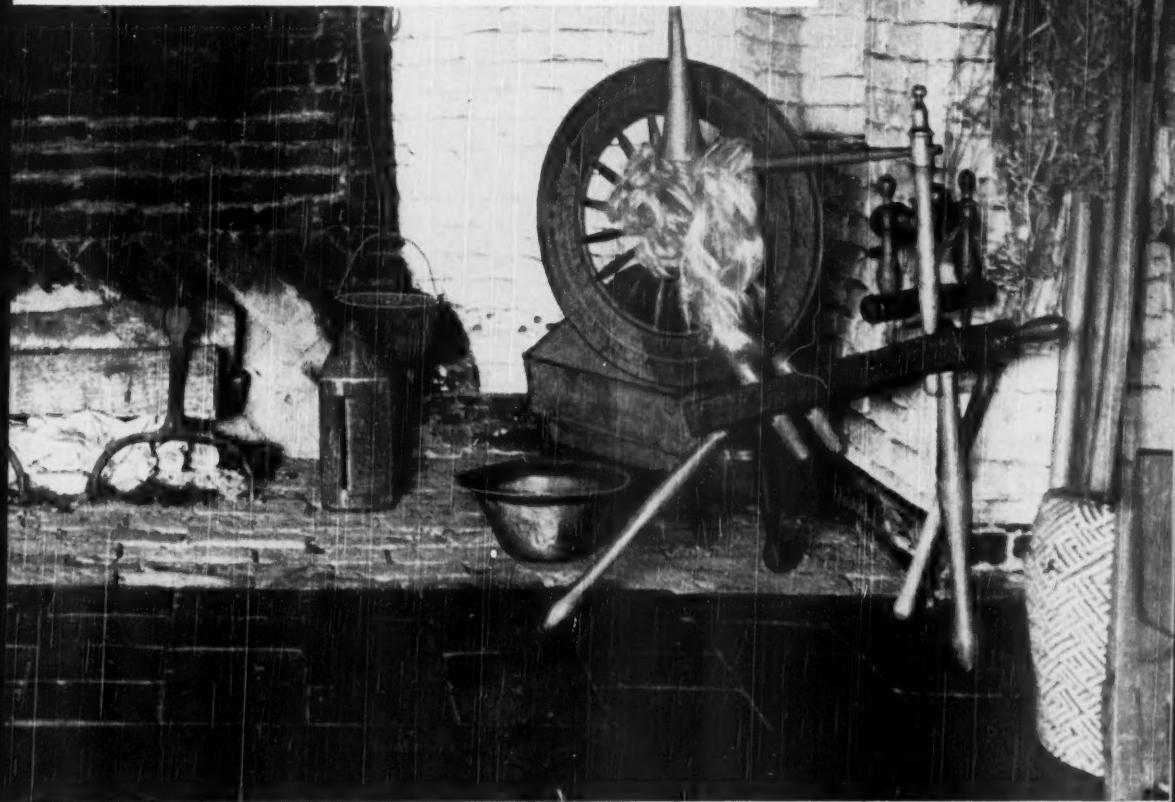
It's America's constant striving to better your good living that makes the conveniences of yesterday the antiques of today.

For 103 years, Allis-Chalmers has helped Industry speed the forward march of electricity—machine engineering—cost-cutting manufacturing and production methods in almost every field you can name.

They've all helped to make possible your progressive American way of life.

Today, the antiques you prize are really by-products of the highest standards of living in the world!

ALLIS-CHALMERS MANUFACTURING COMPANY  
901 South 70th Street, Milwaukee 1, Wisconsin



# ALLIS-CHALMERS



One of the Big 3 in Electric Power Equipment—  
Biggest of All in Range of Industrial Products

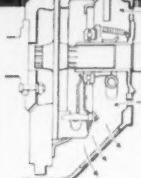
# Power Plus-

for lifting and transporting full capacity loads



## every handling job is easier with TOWMOTOR MH!

With engines especially geared for heavy-duty industrial use, with plenty of power and speed to spare—even for the heaviest loads—Towmotor cuts 20% to 30% from your production costs. Compare Towmotor with any other fork lift truck and you will see why Towmotor's sturdy features make every Mass Handling job easier, faster, safer. 12 models plus standard and specially designed accessories handle loads from 1500 to 15,000 lbs.—a Towmotor for every job. Write for a copy of "Handling Materials Illustrated," Towmotor Corporation, Division 2, 1226 E. 152nd St., Cleveland 10, Ohio. Representatives in all Principal Cities in U. S. and Canada.



**HEAVY DUTY CLUTCH**  
—air cooled  
for longer life

Clutch engagements reach 500 an hour in especially heavy service, producing high temperatures in clutch and flywheel assemblies. So Towmotor clutches are extra large, fully ventilated...to provide for quick dissipation of heat!

Ask to see the Towmotor movie, "The One Man Gang," right in your office.

**TOWMOTOR**  
THE ONE-MAN-GANG

**FORK LIFT TRUCKS  
and TRACTORS**

RECEIVING • PROCESSING • STORAGE • DISTRIBUTION

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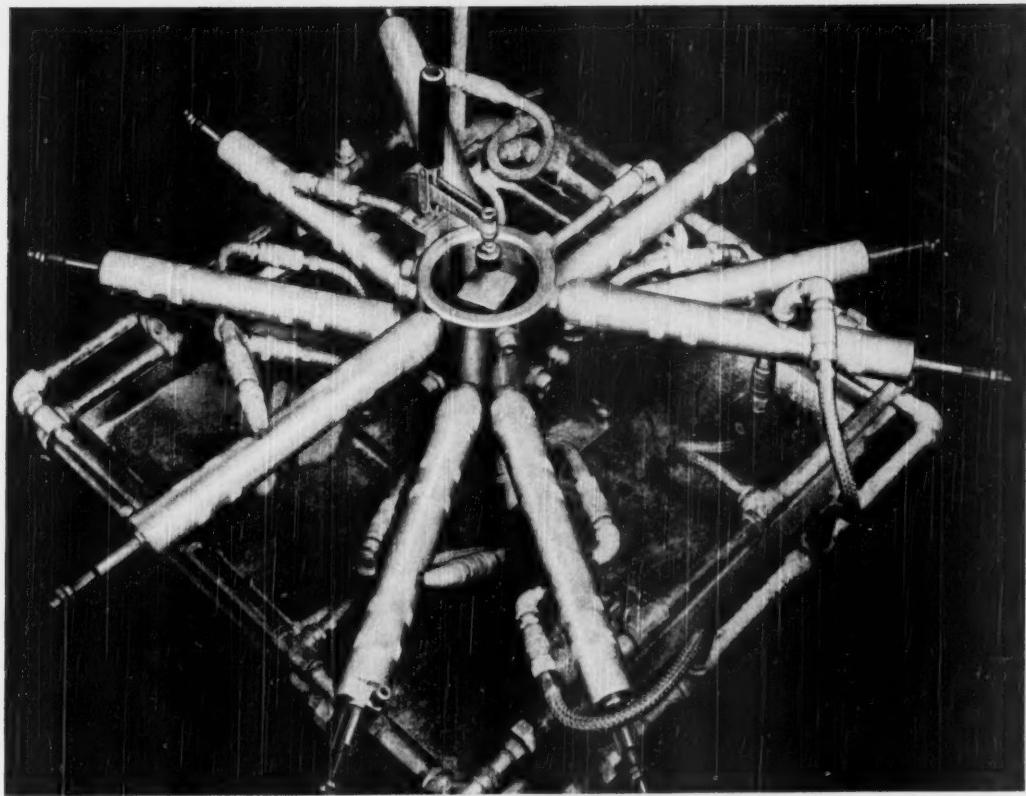
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BUSINESS WEEK • Apr. 22, 1950



## A "HOLE DRILLING SPIDER" THAT SPINS A WEB OF ACCURACY FOR THE AVIATION AND AUTOMOTIVE INDUSTRIES

### A NEW ADDITION TO THE KELLER LINE

Look down the production line in many aviation, automotive or diesel engine plants . . . you may see the Keller Airfeeddrills in numerous set-ups curing the headache of multiple drilling.

For instance, workmen used to find drilling one smoke hole at a time with an indexed fixture in internal combustion engine pistons was sometimes very inaccurate, always tedious and tremendously tiring. Plant managers found drilling all the holes at once with specially designed drill set-ups was costly. And removing drilling units from a set-up for work on other jobs was not very practical.

So Keller engineers set out to develop a special multiple hole-drilling

tool. "It must be compact," they said, "a unit that can be mounted in an inexpensive jig or fixture, singly or in gangs, where the work is brought to the tools or the tools to the work. It should drill all holes accurately at once, or intermittently in sequence . . . through automatic control. And it must be easily disengaged, relocated for work in other spots."

After much research and study of drilling requirements, they eventually designed a new tool from the skin out . . . the Keller Airfeeddrill. See 9 of these at work in the illustration above, speedily drilling 9 holes at a time in an aircraft engine piston! The Airfeeddrills are repositioned in the fixture for drilling 9 additional smoke

holes in the same piston. This tool has possibilities in every industry where accuracy of the hole to be drilled is important.

Nucleus of power in the Airfeeddrill is a Keller pneumatic drill, combined with a specially designed feed and return mechanism. You can buy the new tool in 5 sizes . . . drilling capacities from No. 80 drill to  $\frac{3}{4}$ ".

\* \* \*

In addition to specially designed air tools, Keller's standard line of air hoists, screwdrivers, nut setters, die grinders, chipping hammers, and other work-saving power hand tools are speeding production on a low cost basis.



*Air Tools engineered to industry*

**KELLER TOOL COMPANY, GRAND HAVEN, MICH.**

## THE CHEMICAL THAT HELPS US SEE OURSELVES



## Highlights In This Issue

### What's Worrying Businessmen?

- Not much. BW survey finds optimism under every bush. P. 19

### Tomorrow's Auto Engines

- They are running on test blocks now. Some will turn up on 1951 models, some later. P. 20

### Shift in U.S. Drinking

- Aged whiskey is now plentiful—and promises to play hob with the carefully cultivated market for whiskey-spirit blends—the current best sellers. P. 25

### Is Forecasting Worth It?

- 37 out of 37 companies answer "yes." BW reports what kind of forecasting they do, how the forecasts are made, how they are used. P. 31

### Triple Damage—It's Murder

- Your customers and competitors may be able to nick you for millions. P. 59

### The Sure-Fire Stocks

- Otherwise known as growth stocks. The trick is to recognize one when you see it, then hang on to it. P. 78

### Some Pensions Are Illegal

- Some companies are rushing too fast into pension schemes. Not all will get by Bureau of Internal Revenue. P. 98

### Is Europe Done For?

- BW's foreign editor reports from Europe on Europe's political and economic future. Outlook: grim. P. 105

## THE DEPARTMENTS

Business Abroad .....	105
Business Outlook .....	9
Construction .....	70
Executive Opinion .....	50
Finance .....	78
International Outlook .....	103
Labor .....	90
Management .....	31
Marketing .....	59
The Markets .....	88
New Products .....	48
Production .....	36
The Trend .....	112
Washington Outlook .....	15

THE glass mirrors you look in are made largely of sand and soda ash. So are the goblets on your table and the plate-glass windows in the downtown shops.

With glass serving dozens of needs from fine optical lenses to sturdy construction bricks, a large part of the Wyandotte Soda Ash produced goes to the *glass industry*. Manufacturers specify one of the *dense* grades, as these approach the particle size of sand (for easier mixing). In every grade, dense or light, the particles are consistently uniform.

The detergent industry, on the

other hand, prefers the *light* grade of ash... because its low specific gravity permits maintenance of package size.

Soda ash is required for many processes in the *chemical industry*, and in the *pulp and paper*, *textile* and *dye* industries. It is used in the treatment of boiler feed water, in scale-removing compounds and in literally hundreds of other uses. It is, without question, the most widely employed alkali in the industrial world.

For details on the grades and properties of Wyandotte Soda Ash—as applied to your products—write to our Technical Service Department.

Wyandotte Chemicals Corporation is one of the world's major producers of soda ash, caustic soda, bicarbonate of soda, chlorine, dry ice and calcium carbonate. Wyandotte produces glycols and related compounds, certain aromatic sulfonic acid derivatives and other organic intermediates. Wyandotte is also the world's largest manufacturer of specialized cleaning compounds for business and industry.



ORGANIC AND INORGANIC CHEMICALS

WYANDOTTE CHEMICALS CORPORATION  
Wyandotte, Mich. • Offices in Principal Cities

STEEL PLANT EQUIPMENT  
ROLLS FOR STEEL & NON-FERROUS MILLS  
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COMPLETE CHEMICAL & INDUSTRIAL PLANTS  
STANDARD BUILDINGS  
RADIO & TRANSMISSION TOWERS  
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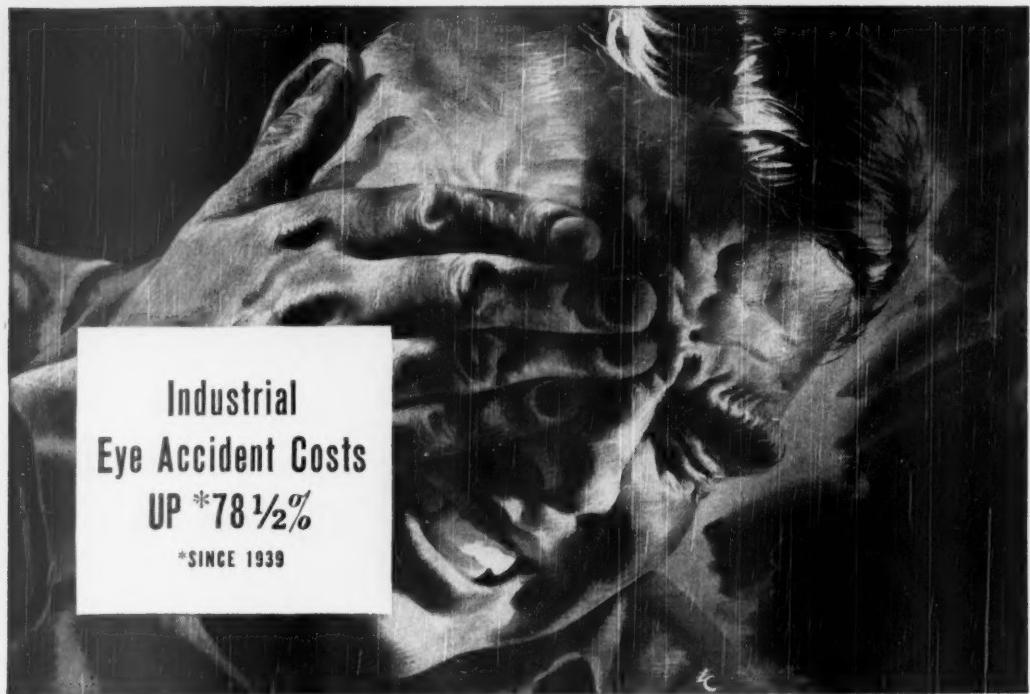
**Busy plants**, everywhere, look to Blaw-Knox products and engineering skills to help in the promotion of industry to year-by-year higher levels. Many years of experience, research, broad technical knowledge and the facilities of nine modern plants have contributed the necessary "know-how" to place Blaw-Knox Products at the top of their class.



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**Industrial  
Eye Accident Costs  
UP \*78½%**

\*SINCE 1939

You don't need  
a buyer's market  
to cut this high cost!  
You can act NOW!

Your other high costs may or may not be "leveling off" but high eye accident costs are a tax no management need put up with.

Eyes are COSTLY targets when hit by particles that injure and blind. The average cost of a minor eye accident is over seven times the average cost of the goggle that would have prevented the injury. The ECONOMY of this protection is self-evident when it is realized that the cost of the goggle represents far less

than two hours lost in productive time of the worker.\* Ask your nearest AO Safety Products Representative to show you how an adequate eye protection program works and how much it saves!

\*Average price of goggles \$2.30. Estimated 1949 average hourly earnings of factory workers \$1.41 (Source: U.S. News)



American  Optical  
COMPANY

Safety Products Division

Southbridge, Massachusetts  
Branches in Principal Cities

# BUSINESS OUTLOOK

BUSINESS WEEK  
APRIL 22, 1950



Nothing seems likely to hamper business in 1950, excepting possibly too much optimism.

Businessmen can't seem to find anything to worry about (page 19). But it isn't strictly smooth sailing. There will be bumps later in the year. Steel will readjust to replacement demand. Building and autos will decline seasonally. And farm income will go down some more.

Even so, there really is nothing to get alarmed about.

Business' own spending for expansion and modernization is likely to be swelling when other major indicators turn down next winter.

Industrial construction was supposed to be down sharply this year. Spending on new equipment was to take up only part of the slack.

But contracts let for industrial building are holding even with a year ago, Engineering News-Record reports. Moreover, new orders for capital equipment are ahead of a year ago, and unfilled orders are rising.

All signs point to better-than-expected business spending.

Steel is setting its new postwar production peak this week.

And the industry isn't doing things by halves. It pushed output to 100% of capacity. That means more than 1,900,000 tons for the week.

That's up from 97.8% and 1,864,300 tons last week. Previous high was 1,880,400, a little over a year ago—and required operations at 102% of theoretical capacity (BW-Apr. 15'50, p10).

Demand for copper and zinc seems almost as keen as it is for steel—and that has been keeping prices strong.

Everyone knew that March was an active month in copper. But even the trade was surprised by shipments of 123,000 tons.

That was the largest in four years. And it compares with 113,154 a year ago—just before the big slide in demand, which was to carry shipments to a monthly low of only 32,566 tons in May.

Zinc shipments are running around 85,000 tons a month. That is extraordinary. But quite a chunk of it is for government stockpile.

Producers' holdings of both copper and zinc have been pulled down by recent large shipments. Refineries shipped 17,000 tons more copper than they produced in March, for example.

That cut stocks to 60,000 tons—less than half a month's needs if March shipments are typical of actual use.

Higher prices may be necessary to prevent a world shortage of zinc.

That's what R. L. Wilcox, nonferrous chief for the Economic Cooperation Administration, told the American Zinc Institute's annual meeting.

Wilcox notes that world use consistently is above production.

Construction is living up fully to expectations as a creator of work in other industries. And the starting of a record 110,000 new homes in March promises that this business-making will go right on.

In fact, building has become so active that there is a growing fear of shortages, at least spot pinches.

For example, John Goodridge, Illinois Brick Co. president, predicts

# BUSINESS OUTLOOK (Continued)

BUSINESS WEEK  
APRIL 22, 1950

shortages of materials and labor in the Chicago area. Some specialty items are hard to find even now.

Makers of television and radio sets, and manufacturers of heavy electrical appliances, are running far ahead of last year. Here are some highlights, announced this week by three companies in the field.

General Electric—Radio and TV sets are running 30,000 a week, C. E. Wilson, president, told stockholders. Refrigerator output is 25% above the previous record. Records soon will be set in both stoves and irons.

Westinghouse—March sales of refrigerators, ranges, and other appliances set a new high. The Mansfield (Ohio) plant's 6,700 employment is up 19% from January; Springfield, Mass., with 3,900, is up 10%.

Bendix Home Appliances—First-quarter sales were \$11,425,443, against \$4,710,447 in 1949, says Judson S. Sayre, president. Field inventories, normally a seven- or eight-week stock, are down to three and four.

Rains in the southern Great Plains last weekend helped wheat. But they were just enough to carry the crop along for a while. A lot more moisture will be needed through May.

Business soon will be using more bank credit than a year ago.

In fact, business borrowings didn't have their spring dip this year. From December's high, they are down by less than \$200-million.

In the same period last year, they dropped a billion; by July, that decline had grown to \$2.8-billion.

This year, business is building—rather than liquidating—inventory.

Personal income will dip after this month—and that may make selling a little harder through the summer.

The unusually high consumer income so far this year has been raised by half a billion to nearly a billion dollars a month by the veterans' insurance dividend. Those payments will be largely completed during April.

Converted to an annual basis, personal income recently has been at a rate of nearly \$220-billion. Last year's high was \$214-billion.

But salaries and wages aren't much changed from last year. And farm income is down from an annual rate of \$20-billion to \$16-billion.

High personal income has permitted consumers to spend more and to save more, both at the same time.

The Council of Economic Advisers puts first-quarter consumer spending at an annual rate of \$181-billion, savings at \$18.6-billion. For all last year, they were \$179.4-billion and \$11.8-billion.

Corporate as well as personal incomes now are ahead of 1949. If they continue to gain, it changes Uncle Sam's deficit picture.

Thus congressional estimates this week of a deficit from \$6.7-billion to \$7.3-billion in the 1950-51 fiscal year look away high—unless tax cuts reduce revenues more than seems likely, or unless arms spending jumps.

Those estimates are based on national income for 1950 of only \$212-billion. The first-quarter rate was \$220-billion—in spite of strikes—and is pointed higher.

In fact, national income should top 1949's \$221-billion handily.

**Developed by three years of research . . . and now refined by  
tens of millions of dollars' worth of new equipment!**

# Gulf's No-Nox

**GREAT NEW**

**DESIGNED FOR TODAY'S POWERFUL NEW ENGINES!**

Today's new cars have the most powerful engines ever made. AND—

*They require a super, anti-knock gasoline.*

Such a gasoline is the new No-Nox. It was especially designed by Gulf scientists—working hand-in-hand with leading automotive engineers—to give you *maximum* performance in your new car.

With a gasoline like this great new No-Nox, you can be *sure* your new car will perform at its brilliant best.

And the new No-Nox not only gives *new* cars peak performance. It also gives new life, new pep, and stops knocks in older cars too — even many with heavily carboned engines!

So no matter what model you drive, get a tankful of the new No-Nox today.

See for yourself what a difference it makes!

*Whisper-Quiet, Knock-Free Power!  
Easy, Fast-Firing Starts!  
Quick, Safe Passing!  
Unexcelled Mileage!*

**Terrific Power in Every Drop!**



Good Gulf—our famous "regular" gasoline  
—is now better than ever, too!

Gulf Oil Corporation • Gulf Refining Company



SPEED NUTS® and SPEED CLIPS®

"Shed New Light"

ON LIGHTING FIXTURE ASSEMBLY COST

Here's how Tinnerman fasteners "lightened" cost burdens three ways for Joleco Corp., St. Louis manufacturers of fluorescent lighting fixtures.

1. A substantial assembly savings of \$1.79 per unit was effected by switching to SPEED NUTS and SPEED CLIPS.
2. Because they are self-retaining, Tinnerman fasteners eliminated the need for investing thousands of dollars in new fastening machinery.

3. Rejects were greatly reduced, because SPEED NUT brand fasteners minimize assembly damage and compensate for misalignment.

See your assembly costs in a new light—through a comprehensive Fastening Analysis. Ask your SPEED NUT representative for details on this service. Or write: TINNERMAN PRODUCTS, INC., Cleveland, Ohio. In Canada: Dominion Fasteners Limited, Hamilton. In England: Simmonds Aerocessories, Treforest, Wales.

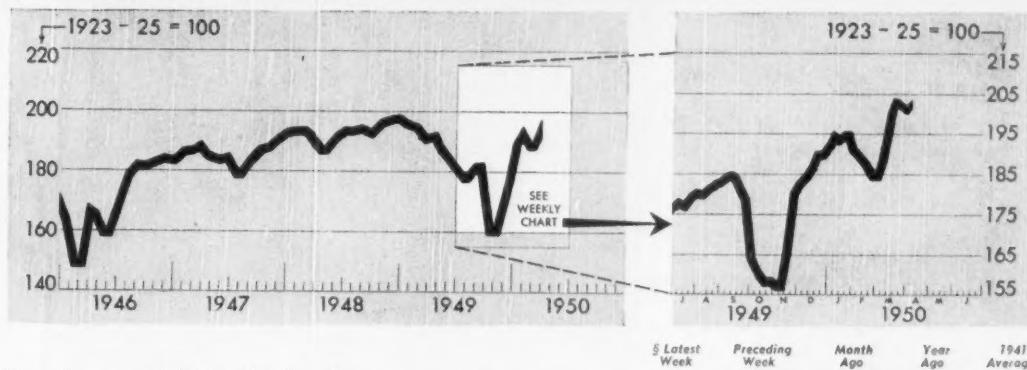
Ideal for center-panel locations, "U" type SPEED NUTS snap into position from rectangular hole and provide vibration-free attachment of transformers.

Resilient SPEED CLIP slips over edge of transformer box cover, holds securely, yet permits easy snap-off removal for servicing unit.

"U" type SPEED NUTS are used to secure lenses to frames of fixtures. Self-retaining characteristics of SPEED NUTS permit easy blind assembly.

TINNERMAN *Speed Nuts*  
Fastest Thing in Fastenings  
Photo: Jack H. Johnson

# FIGURES OF THE WEEK



## Business Week Index (above) . . . . .

### PRODUCTION

	Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
Steel ingot operations (% of capacity)	100.0	97.8	95.5	98.4	97.3
Production of automobiles and trucks	147,657	+133,172	134,453	131,821	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)	\$38,609	\$38,260	\$31,937	\$23,997	\$19,433
Electric power output (million kilowatt-hours)	5,863	5,898	6,015	5,343	3,130
Crude oil and condensate (daily average, 1,000 bbls.)	4,999	4,998	4,844	4,969	3,842
Bituminous coal (daily average, 1,000 tons)	1,904	+2,171	2,200	1,909	1,685

### TRADE

	Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
Miscellaneous and l.c.l. carloadings (daily average, 1,000 cars)	72	73	69	73	86
All other carloadings (daily average, 1,000 cars)	45	47	49	53	52
Money in circulation (millions)	\$27,072	\$27,133	\$27,023	\$27,507	\$9,613
Department store sales (change from same week of preceding year)	None	None	-1%	+7%	+17%
Business failures (Dun & Bradstreet, number)	201	203	208	184	228

### PRICES (Average for the week)

Cost of Living (U. S. Bureau of Labor Statistics, 1935-1939 = 100), Feb.	166.5	166.9	169.0	105.2
Spot commodity index (Moody's, Dec. 31, 1931 = 100)	359.6	360.2	355.7	351.0
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)	218.8	+219.2	219.3	235.7
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)	304.8	306.9	303.5	288.1
Finished steel composite (Iron Age, lb.)	3.837e	3.837e	3.837e	3.708e
Scrap steel composite (Iron Age, ton)	\$28.92	\$28.83	\$28.42	\$22.75
Copper (electrolytic, Connecticut Valley, lb.)	19,500e	18,500e	18,500e	21,200e
Wheat (No. 2, hard winter, Kansas City, bu.)	\$2.31	\$2.31	\$2.28	\$2.27
Sugar (raw, delivered New York, lb.)	5.49e	5.45e	5.55e	5.65e
Cotton (middling, ten designated markets, lb.)	32.42e	32.33e	31.90e	33.20e
Wool tops (New York, lb.)	\$1,841	\$1,863	\$1,839	\$1,534
Rubber (ribbed smoked sheets, New York, lb.)	23.12e	23.74e	19.83e	18.31e

### FINANCE

90 stocks, price index (Standard & Poor's Corp.)	142.6	141.6	138.8	119.2	78.0
Medium grade corporate bond yield (Baa issues, Moody's)	3.21%	3.22%	3.23%	3.45%	4.33%
High grade corporate bond yield (Aaa issues, Moody's)	2.59%	2.59%	2.59%	2.70%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average)	11-11%	11-11%	11-11%	11-11%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate)	11-11%	11-11%	11-11%	11-11%	4-4%

### BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks	NA	45,981	47,236	45,237	+\$127,777
Total loans and investments, reporting member banks	NA	66,626	66,855	61,100	+\$132,309
Commercial and agricultural loans, reporting member banks	NA	13,729	13,889	14,543	+\$16,963
Securities loans, reporting member banks	NA	2,334	2,052	1,573	+\$11,038
U. S. gov't and gov't guaranteed obligations held, reporting member banks	NA	35,920	36,877	32,767	+\$15,999
Other securities held, reporting member banks	NA	5,582	5,326	4,411	+\$4,303
Excess reserves, all member banks	750	740	1,370	822	5,290
Total federal reserve credit outstanding	18,068	18,132	18,264	22,056	2,265

\*Preliminary, week ended Apr. 15.

NA Not available at press time.

++Estimate (BW—Jul. 12 '47, p16).

†Date for "Latest Week" on each series on request.

+Revised.

# NEW LEGS FOR MR. VALAS



On April 2, 1946, Mr. Valas was working around a vat in a metal plant when an explosion blew the steel lid to the rafters. The lid caromed off the ceiling, then crashed down on the terrified Mr. Valas. They saved his life by amputating both legs above the knee.

Alone in his hospital room, Mr. Valas had plenty of time to think—and it wasn't nice. He'd remember the times he used to play basketball with his son . . . thought of the gang at the plant working regular hours. "And the beat I'll ever do is sell pencils," he'd say to himself—and scowl at the nurse.

But that was before he was admitted to the Liberty Mutual Rehabilitation Center in Boston on May 8, 1947. In the Guest House there, he was given a room with another amputee who taught him by example that his future could be as bright as he wanted to make it. He started exercises to strengthen his shoulders, arms and back. By October, he was ready for his first half-length artificial legs.

Then he began to play ping pong and pool . . . work in the carpenter shop . . . take more advanced exercises. Rapidly he gained confidence, poise and balance. By June 1948, he was ready for a full length pair of legs. That was the day he learned to smile again.

Today, he's working as the operator of a calculating machine in the plant where he was hurt four years ago. If you ask him about his accident, he'll tell you this: "Toughest thing I ever did was stay sitting in a wheel chair while they played the Star Spangled Banner. You see, this is one country where they really take care of you when you're down and out."

**We work to keep you safe** . . . by providing protection for business, home and car owners . . . by removing the causes of home, highway and work accidents . . . by relieving the pain and financial burden of accidents by prompt and friendly handling of claims. ★

Mr. Valas can now stand up when the National Anthem is played!

\* \* \* \* \*

This case from Liberty Mutual's files gives heartening proof that human values can be saved through skilled rehabilitation. Founded in 1943, our Rehabilitation Center in Boston has developed under medical direction techniques to restore injured workers to employment. So far, 1,230 seriously injured men and women have been treated. Of those whose treatment has been completed, 860 have returned to work. Rehabilitation is another way in which Liberty Mutual sets the pace in providing business insurance that better serves workers and employers alike.

  
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LIBERTY MUTUAL FIRE INSURANCE COMPANY

# WASHINGTON OUTLOOK

WASHINGTON  
BUREAU  
APRIL 22, 1950



New U. S. military and economic commitments to Europe are brewing. Already you can begin to see the long-range implications.

- Arms aid will be stepped up to mesh with an over-all plan to strengthen the Atlantic Pact nations in the cold war with Russia (page 103).
- U. S. military strength will shift. More emphasis will be put on air and sea power, less on ground forces.
- Economic aid will continue. But it will be coupled with a real drive to supply dollars abroad by importing more foreign goods.

The planning for this is well along, both here and in Europe. It's a joint project of the 12 Atlantic Pact nations to tie them more closely together, militarily and economically. Details will be worked out next month by the pact council, when it meets in London.

Congress will have to pass on any plan finally, probably next year. The cost to the U. S. still is uncertain. But it will run into billions over a period of years. Officials think Congress will go along when the time comes. "The U. S. is the leader of the coalition against Russia, and won't turn back just because the cost of the cold war is rising."

An optimistic report on business prospects went to Truman this week. It was the quarterly summary of the Council of Economic Advisers. And it forecast a high level through the third quarter.

One sour note: The council doesn't think economic expansion is moving fast enough to prevent unemployment from becoming a future problem.

Truman's promises to small business look more and more like politics. In January, he held out plans for (1) special antitrust protection, and (2) financial aid in the form of easier RFC loans plus a reservoir of equity capital. But his follow-through is coming so late that he may not be able to deliver on anything except the loans.

A new wave of tariff cuts won't hit until after the fall elections. Over 2,000 separate items are up for consideration. They include such politically hot lines as textiles, wool, chemicals, pottery, and glassware. The bargaining with other nations will come in the fall, but the cuts won't become effective until next year.

The natural gas bill veto was engineered by Democratic Chairman Boyle, largely on the basis of political mathematics: There are more gas consumers than gas producers. The proposal was to take independent producers out from under Federal Power Commission regulation. It was backed by many key Democrats in Congress, and the veto will cost Truman votes on other issues.

Here's the legislative outlook (the House is back at work after an 8-day recess at home, checking up on what the voters want):

Excise tax cuts are due to shape up faster in the Ways & Means

# WASHINGTON OUTLOOK (Continued)

WASHINGTON  
BUREAU

APRIL 22, 1950

Committee. Members say they are a "must," not only with businessmen, but consumers, too.

**The cuts will amount to \$1-billion plus.** with most wartime hikes trimmed. Members see this kind of tax trimming as a stimulant. It will mean lower prices on many items when the cuts become effective—probably in August, at the earliest.

**The lost revenue won't be made up.** There will be some legitimate recovery, by lower exemptions on estates and gifts, withholding on dividends, etc.

**The Mills plan is the favorite to hide the loss.** It will force corporations to pay up faster and thus boost collections for a year or two (BW-Feb. 18'50,p61). The Senate Tax Committee is against it, but may be forced to go along by a House threat to hike corporate rates as the alternative.

**There may be a veto.** But members think they can override it, even if new estimates do show falling tax collections and a rising deficit.

- Farm price supports will be bolstered with \$2-billion more.
- Rent control may die June 30, but that isn't yet a certainty.
- Aid to school building (\$300-million) has a good chance.
- More displaced persons (150,000) will be admitted to the U.S.
- The Mundt-Nixon bill to register Communists will be pigeonholed.
- A rise in social security pensions, 50% on the average, will be O.K.'d. It'll take some of the heat out of union demands on small employers.

**The Brannan Plan is gaining public support.** Congressmen see signs of this in big cities and in farming areas, too. But they think it stems largely from dissatisfaction with present price supports, and not from any particular liking for Brannan's scheme. No big revision of the farm program will be undertaken now, but it's generally regarded a "must" for 1951.

**The delivered pricing bill** (O'Mahoney's) still has a chance of passing. But Truman may veto it as a weakening of the antitrust laws.

**Antitrust fines** won't be raised from \$5,000 to \$50,000 per count.

**Control of mergers** involving buying of assets is bogged in the Senate, and the Truman trustbusters may not be able to pry it out.

**Government medicine** won't even be debated in Congress this year. But that doesn't mean Truman has cooled off on it. The Democratic National Committee is handing out "canned" arguments to any candidates who will plug the scheme in their campaigns. It's still hot for the future.

A painless way to cut deficits is attracting interest in Congress. Young Roosevelt has a bill to do it with bookkeeping: He would (1) boost receipts by including social security taxes, and (2) lower spending by excluding outlays for farm price supports, home mortgages, etc.—call them investments.

**Congress won't take it now,** but it's worth noting for the future.

Rising deficits still are a political worry. So they make congressmen think twice about big new nondefense spending. This is cramping to the Fair Dealers, and the easy way out is to change the bookkeeping.



*to clean clothes  
by the ton-*

## COAL BY THE CARLOAD



*Plant of the Little Falls Laundry Company, Little Falls, N. J. Photographed by William Vandivert*

If your family wash added up to millions of pieces, you'd keep a close watch on the expense of providing hot water and steam. And that's just what the laundry shown above does—because it's one of the biggest laundries in the world.

This laundry uses 50,000 pounds of steam every hour, requires a half-million gallons of hot water every day, and manufactures all the electricity for its machines, dryers, and ironing equipment. It burns coal, of course—more than 150 tons every week—to provide all this heat and energy at the lowest possible cost.

To give industrial coal users everywhere a steadily better product, coal operators will continue to invest millions of dollars every year in mine improvements. Older mines are being modernized. New mines are designed to utilize revolutionary new high-production machinery. Washed, graded and treated in huge surface preparation plants, such coal burns with top efficiency. It provides more heat, creates more steam, and furnishes more power per ton.

Because America's progressive bituminous industry continues to pioneer in new mining and coal-preparation methods, coal continues to be America's foremost industrial fuel!

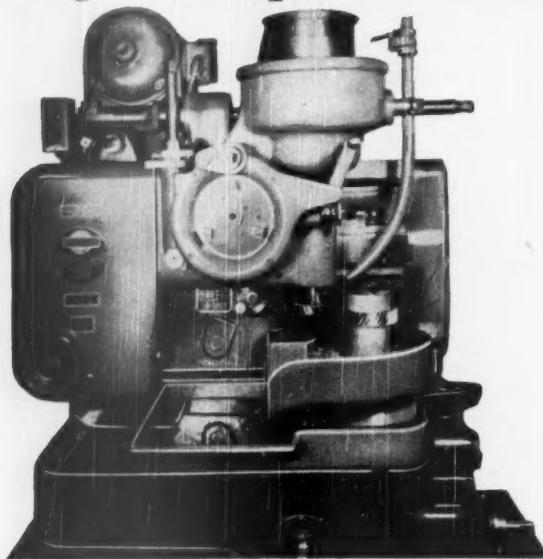
Today's most progressive coal mines are like vast modern factories underground, where mechanization has all but banned the pick and shovel. Cutting and loading and transporting are performed by highly efficient, specially designed machines. More and more, today's miner is becoming a skilled machine operator—and his average hourly pay is higher than that of workmen in any other major U. S. industry.

### BITUMINOUS COAL

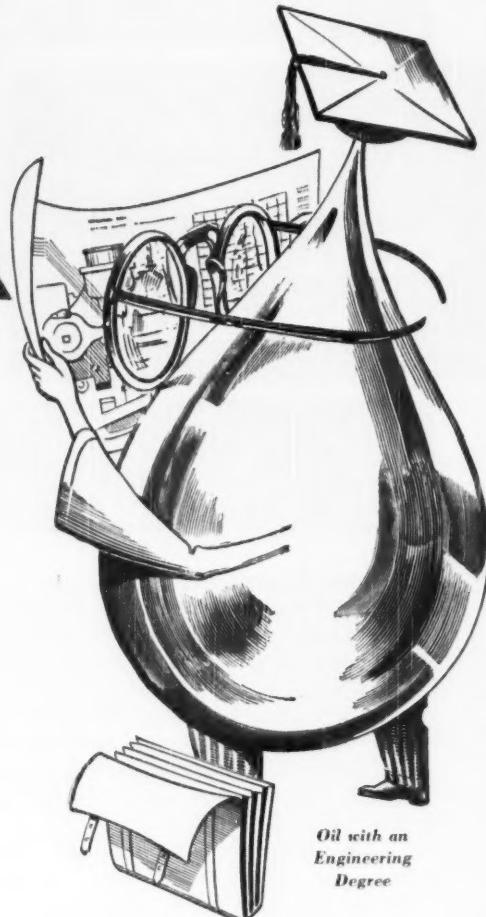
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*Oil with an  
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- **Output up, costs down.** Often difficult to achieve both, particularly with multiple plant management. That is why skilled Texaco Lubrication Engineers are so often called in.

These experts, fortified with years of engineering experience, analyze your specific operations, make specific recommendations. Then, you enjoy the benefits of *oil with an engineering degree*.

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- **One Purchase Agreement.**

*A case in point: Production doubled on automotive transmission gears — cutter cost halved, using Fellows Gear Shaper (above) and a Texaco cutting oil. The toughest jobs call for Texaco!*

For details call or write the nearest Texaco Wholesale Distributing Plant or The Texas Company, 135 East 42nd Street, New York 17, N. Y.



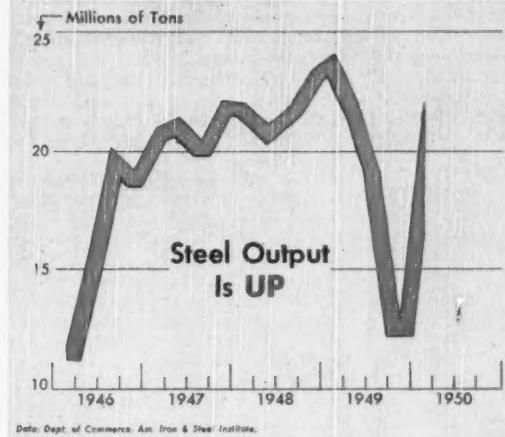
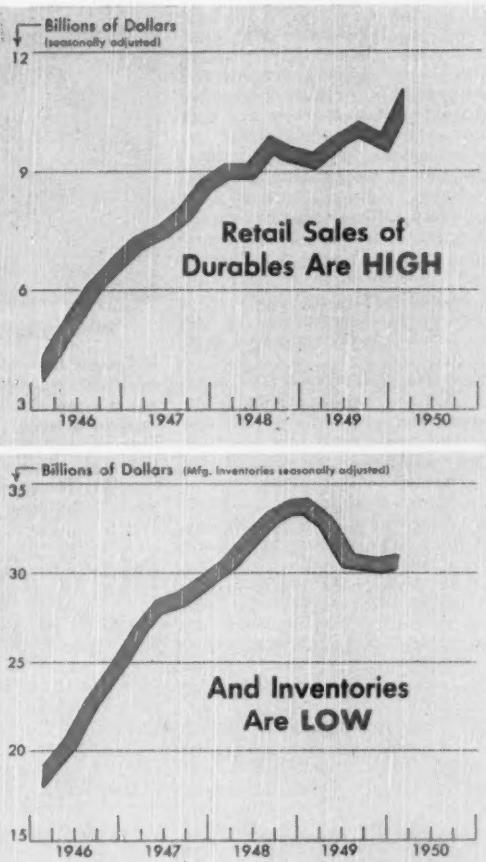
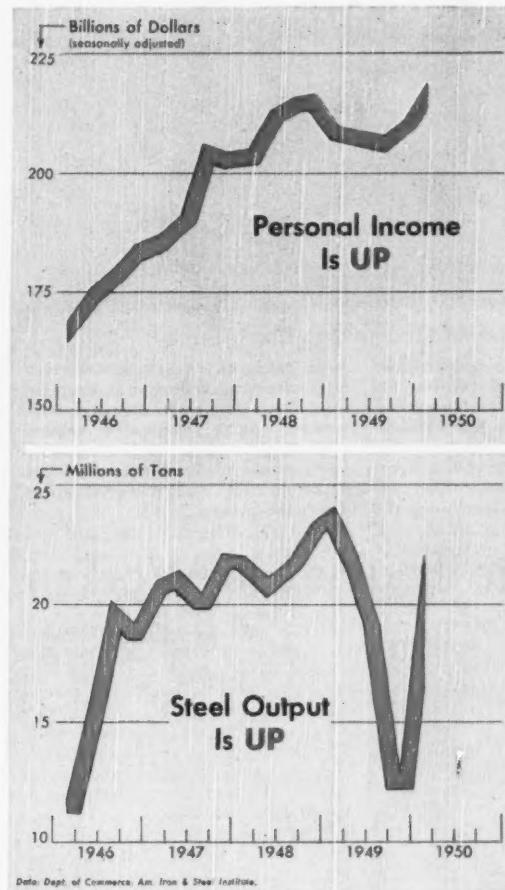
## The Texas Company

*More than 2000 Texaco Wholesale Distributing Plants  
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# BUSINESS WEEK

NUMBER 1077

APRIL 22, 1950



Data: Dept. of Commerce; Am. Iron & Steel Institute.

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## The Key Business Fact—Confidence

Businessmen are planning for a prosperity that will run all through this year and into 1951. But competition is tougher.

The boom will keep roaring—right through the rest of this year and well into the first half of next. That's what most businessmen are counting on these days. They feel it in their bones. They are beginning to read it in their ledgers.

- **The Way It Is**—Last week, BUSINESS WEEK reporters across the nation buttonholed top executives, asked "What bothers you? What keeps you awake at night?"

The executives weren't losing much sleep. Almost a quarter of the replies

were a flat "Nothing." One reporter pressed a businessman to think hard; he must have some problems. The executive flipped: "Hell, my four children are a problem, too. But mostly they're fun. That's the way it is with business today."

- **Potent**—There are good economic reasons for this bubbling optimism; the charts above, which show the quarterly totals for some of the key statistics in business thinking, make it clear that the first three months of 1950 were a time for good spirits. But—regardless of

justification—the mere fact that businessmen are almost uniformly happy about conditions is, in itself, a matter of profound business significance. For instance: It throws doubt on surveys made earlier this year indicating a sharp drop in business spending for new plant and equipment.

Actually, there's as much psychology as economics in today's optimism.

For one thing, the businessman knows that the political temper of the country and the Administration is anti-deflationary—he can count on a shot of government-sponsored inflation any time things look threatening.

For another, businessmen are getting

used to being stood up on their date with a postwar depression.

A year ago, for instance, the majority of executives felt gloomy about the outlook for 1949 (BW—Feb. 19'49, p24). They were right in a way; but not right enough to make them overly cautious now.

• **Worry No. 1**—There are still problems, of course. Two of them rate a tie for first place—costs and competition.

Competition is the more spectacular—not just between one company and another, but among whole industries. What's happened is that the durable-goods sector of the economy has given the soft-goods industries a real jolt.

A department store executive cracks, "What did women wear in the Easter parade, anyway? It must have been a TV set with a 164-in. screen. That's all they bought."

Costs are an old nuisance. But the headache isn't throbbing as hard as it once did.

• **Worry No. 2**—Undisputed possessor of the No. 2 spot as ulcer creator is the Truman Administration. That's nothing new. Few businessmen have any faith in the way Washington keeps house. But now there's a curious new feature: Businessmen are afraid that the latest wave of trust-busting will sweep along some Republican stalwarts, too. Here's a typical comment:

"When even people like Sen. Taft start talking about maybe some companies are too big, then I give up."

• **Worry No. 3**—A quintet composed of labor, taxes, foreign affairs, pensions, and shortages shares the third spot.

But significantly, businessmen who worry about labor aren't very intense about it. Not since BUSINESS WEEK started its periodic poking into the worries of management has the subject of labor set off so few vocal explosions.

Meantime, worries over material shortages are growing in some industries. Steel sheets and pipe get the most mentions. Others: nylon, denim.

• **Worry No. 4**—The No. 4 headache is caused about equally by inefficient labor, inventories, credit, threat of war.

The interesting angle about inventories is that they aren't too big—they are too small. The upshot is some nasty feeling between manufacturers and retailers.

"More and more of our customers," says one manufacturer, "expect us to keep a total inventory on hand for immediate supply. They send in orders in dribbles marked 'rush.' The result is one day we're shut down; the next, we have to pay for overtime crews."

The retailers take the opposite slant. They say it would be murder to load up on inventories. You can never tell when a manufacturer is going to try to steal a march on the competition and ruthlessly trim prices and margins.



### What Is That Chrome Strip Doing There?

Is General Motors quietly preparing the public for a rear-engine car? Detroiters are curious about that vertical chrome strip on the rear fenders of the new Cadillacs. Right now, the strip is just decoration. But sharp-eyed engineers note that it looks something like an air intake. They can see only one reason for accustoming the

public eye to an air grille at that point: A rear engine would need an air scoop just about there. At a recent Society of Automotive Engineers meeting, one engineer asked a General Motors speaker if the strip wasn't actually a forerunner of a rear-engine air scoop. The speaker laughed, didn't answer the question.

## New Auto Engines in Works

After the war, Detroit gave the American family car some new touches. First, the car got a fresh look—shorter in the hood, beamier in the body, deeper and wider in the windows. Then, it lost its clutch.

Now a third change is coming. The American car is going to get a new engine.

• Ford Motor Co. will lead off. Two new high-compression, V-type engines are in the works. Chances are the first engine will turn up on the Ford car for 1952, although the company isn't saying.

• Chrysler Corp. will be right behind. The company also has two new engines—both running on test blocks. Chrysler recently sent out blueprints to toolmakers, asking for estimates.

• General Motors, of course, is still a length or two ahead. GM introduced a pair of new-design engines more than a year ago. Cadillac got one of them, a comparatively lightweight overhead-valve type with high (7.5 to 1) compression. Oldsmobile got the other, similar in design but smaller. And other GM divisions are working on new powerplants, too.

• Willys-Overland is the latest entrant into the high-compression field, with a 72 hp., F-head model with a 7.4-to-1 ratio and an optional head giving 7.8 to 1. Intake valves are in the head and exhaust valves in the block.

The coming of truly high-octane fuel is, of course, the reason for these new engines (BW—Apr. 15'50, p26). As long as octanes hung around 50, the old engines were good enough. But octanes are now pushing or passing the 90 mark. This permits higher compression ratios, and most auto engineers think it also calls for overhead valves. That's sure to mean engine redesign.

• **Poachers**—But not all engine news is being made in Detroit. And not all new engines are being designed around the new—and expensive—high-octane gasolines.

In the last two weeks, Detroit engineers got two jolts—both from nonautomotive companies.

First came when Boeing Airplane Co. revealed that its baby gas turbine (BW—Apr. 15'50, p26) is now powering a big experimental Kenworth truck. Detroiters have tended to pooh-pooh gas turbines right along.

The second jolt came from the Texas Co. Texaco Development Corp. announced last week that it has a new kind of fuel-injection engine. Texaco's high-compression engine will run on gasoline, kerosene, alcohol, diesel oil, or almost anything else. The fuel is mechanically injected at the last instant of the stroke. So even though it lacks anti-knock properties, the fuel has no chance to pre-detonate.

# "Who Has Done Most for You Lately?"

That's the question that may elect Democrats this year. They have cooked up an ingenious localized pitch to voters.

Get set for a hot summer—of politics, anyway. This year's campaign is going to have more sound and fury than any off-year election in history.

The issue: Will Truman's Fair Deal finally begin to move, or will the present stalemate continue?

The outcome: As of now, it looks like a standoff, with Democrats holding Congress, the Republicans making insignificant gains in the House, maybe even losing a seat or two in the Senate.

And—continued stymying of the Fair Deal until 1952.

• **The Start**—President Truman will make politicking official next month when he stumps to the West, winding up with a major political speech at a Democratic rally in Chicago on May 15. Truman's tour will dramatize the liberal-conservative conflict.

The usual thing in nonpresidential years is for the party in power to hold the line. And the "out" party claims a victory if it picks up a few seats in Congress. But this year, the Democrats and Republicans have big stakes in the outcome of next November's polling.

• **Truman's Plight**—Truman's plight is this: Right now, the Democrats have a good majority in the House (261 to 169) and in the Senate (54 to 42)—on paper. But Truman has foundered on almost every plank in his Fair Deal platform.

To win real control of Congress, he has to pick up around 20 House seats, six or seven seats in the Senate. If he doesn't, control will stay in the Republican-Dixiecrat coalition—and the Fair Deal will stay a dream.

• **Republican Plight**—If the Republicans don't have to win Congress to stop Truman, then what's the point of getting in a lather over the campaign? After all, some Republicans think that the off-year victory in 1946 was more a curse than a blessing. The GOP ran Congress, but had no say in the Administration. This gave Truman his 1948 opening to blame everything on the "do-nothing" 80th Congress.

But the Republicans figure that they have to pick up the seven seats needed to take over the Senate this fall. Otherwise, the odds are that they can't elect a Republican Senate in 1952—even if a GOP President is elected. Too many southern and other solid Democratic seats come up two years hence.

• **Effects Elsewhere**—The election outcome will have effects almost as important to labor, business, and farmers as to the politicians. Here's how:

Labor's stake—The 81st Congress fell far short of delivering Truman's cam-

paign pledge to labor: Repeal Taft-Hartley. That's the issue the unions have deferred for Nov. 7.

**Business' stake**—Continuation of the stalemate would be a victory. It would mean that increased taxes, Taft-Hartley repeal, more social programs like government medicine, would stay pigeonholed. Campaigns against bigness in business would not grow to full bloom.

**Farmers' stake**—The whole farm price support program is in the balance. The cost of the present support program is going to be an issue in many a congressional race this fall. And a big Democratic sweep would mean the Brannan Plan.

• **BIGGEST SHOW**—As for the campaign itself, the Democrats are going to put on the biggest show. They are trying to overcome the voter's normal off-year lethargy, with all the tricks in their bag. At the Chicago rally, for example, the big brass will parade for three days— bidding for the huge independent vote in the Midwest that came back to the Democratic fold in 1948.

Meanwhile, Democratic headquarters is packaging a suitcase full of propa-

ganda for congressional candidates, tailor-made for use in a city district, or a farm area.

But the political gem the Democrats have is this one: a set of working papers for every candidate to campaign on the theme, "Who has done the most for you lately?" The Kansas Democrat, for example, can rattle off figures like these: Last year, the Veterans Administration spent \$68-million in the state; \$3.7-million was paid out in unemployment and self-employment benefits. And the New Jersey Democrats can say that since the New Deal Rural Electrification Administration was set up, lighting of New Jersey farms has increased from 50% to 95%.

• **The Competition**—The Republicans have no such well-oiled campaign plans. They don't have a Truman to put in the ring, and they don't have a uniform program to preach.

Rather, the party treasury will be used simply to help candidates who show good chances of winning. And the candidate will be given full sway to win in any way he pleases.

Labor is getting set for action, concentrating on the seats the Republicans still hold in the cities. Labor's second line will be an effort to bring farmers in on its side.



## How to Pack 'em in at Your Drive-In

Time was when a drive-in theater was nothing but a hill, a screen, and a projector. Now it's a diamond-shaped affair with four screens, a projection booth that looks like an airport control tower, and a shopping and eating center to boot. The design, worked out by Los Angeles architect Lewis E. Wil-

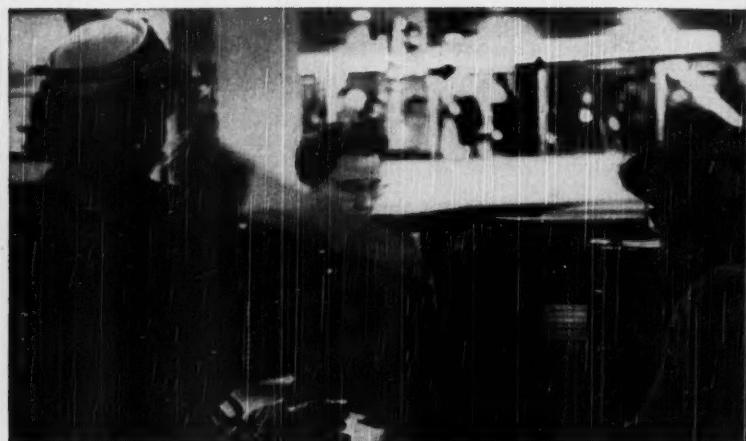
son, is already being used in theaters around Chicago and St. Louis. It is supposed to be one-third to one-half cheaper than the conventional drive-in. Besides, with the four screens, no one has to park farther than 300 ft. from the screen. And the theater can be emptied in 15 min.

## Can You Rank These Six Departments?

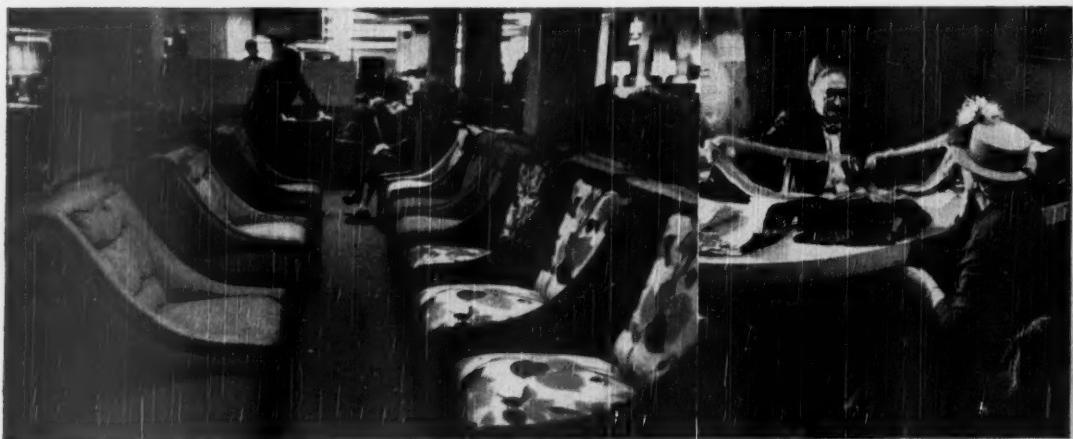
They include the top three and the bottom three . . . in annual sales per square foot of department store floor space



### HOSIERY



Women's hosiery—usually spotted on the main floor, as here at Bloomingdale's—takes up little space. But size of average sale is small, too.



**FURNITURE** Takes up lots of space. But size of individual sale is topped only by furs, Oriental rugs, major appliances, and TV sets.

**NEEDLEWORK** Free instruction requires plenty of room.

## How Hard Can You Work A Square Foot of Space?

Floor space is to a retailer what machinery is to a manufacturer. So sales per square foot are the crucial measure of efficiency. But some goods take more space than others.

Today, the businessman's biggest worry (page 19) is competition. And one of the biggest worries of them all is the department store. To stay in business, the department store has to make every single foot of floor space count.

That's why the comptroller of any department store keeps close tab on the column of figures labeled "Sales per sq. ft. of selling space." For it tells him the productivity of his store, how one department stacks up against another.

How hard can the department store work a square foot of floor space? This list shows the possibilities. It is taken from a study of department stores doing more than \$1-million business annually,



## PICTURES

Size of the average sale of pictures, framing, and mirrors is about three times that of hosiery.



## UMBRELLAS

Umbrellas, when closed, take up little space. Size of individual sale is about the store average.



## JEWELRY

Watches, rings, and other fine jewelry don't take up much room. Nor is the average sale very big.

compiled by the National Retail Dry Goods Assn.

• **High Ranking**—Here, followed by the yearly sales per sq. ft. of selling space, are the departments that do the best: Women's hosiery, \$377. Umbrellas, \$204. Fine jewelry and watches, \$201. Costume jewelry, \$182. Domestics (muslins, sheetings, etc.), \$178. Small leather goods, \$178.

• **Low Ranking**—And here are the departments with the worst records: Furniture (upholstered and other), \$31. Pictures (including framing and mirrors), \$36. Needlework, \$39. Oriental rugs, \$39. China and glassware, \$40. Lamp shades, \$44. Gift shop, \$44.

These, of course, are just the aver-

ages—and a store can beat them if it tries hard enough. For example, at Bloomingdale's in New York City, where the pictures above were taken, you will find that (1) domestics rank very near hosiery on a sales-per-sq.-ft. basis; (2) costume jewelry does slightly better than fine jewelry; (3) blankets and comforters run just behind umbrellas, whereas nationally these items are well down toward the bottom of the sales-per-sq.-ft. list.

A lot depends on how the store decides to play its departments. Any good department store man is always trying to get more business out of a slow department. Maybe he will switch a heavy-traffic item to the top floor to drag more traffic through slower parts

of the store. Or maybe he will put some other less-popular department down near the main entrance to catch the crowds. Or he will modernize to attract more attention to his slow departments.

• **Caution**—But NRDGA's national averages have to be handled with care. For one thing, the bigger stores, using smart merchandising techniques, are able to get as much as twice the sales out of a square foot as these averages indicate.

Then, too, you can't use the national averages as an index to show what actual returns a store gets from any individual department. Umbrellas, for instance, do very well on a per-sq.-ft. basis. But volume-wise, they can't touch the dollar sales accounted for by furniture.

## Which Kind of Whiskey?

	Blends	Straights	Bonds
<b>The Market Split</b> Whiskey bottled during first two months, 1950	73.6%	17.8%	8.6%
<b>The Trend</b> First two months, 1950 compared with first two months, 1949	Down 18.5%	Up 41.9%	Down 9.5%
<b>The Top Sellers</b> →			
In most cases, nobody knows for sure. Only brand sales figures published are for the 17 monopoly states. These are not necessarily representative of national rankings.	The top selling whiskey blend (whiskey blended with neutral spirits) is unquestionably Seagram's 7 Crown.	Eight straight whiskeys are now battling it out for first place. The brands: Century Club and Old Log Cabin (National Distillers); Early Times (Brown-Forman); Echo Spring and Old Stagg (Schenley); Old Classic and Old Hickory (Publicker).	Nine bonded whiskeys are in the scramble for top rank: Charter Oak and County Fair (Publicker); I. W. Harper and James E. Pepper (Schenley); Kentucky Tavern (Glenmore); Old Fitzgerald (Stitzel-Weller); Old Forester (Brown-Forman); Old Grand Dad and Old Taylor (National Distillers).

## The Distillers Vs. The Brewers

	"Hard" Liquor	Wines	Beer
<b>1949 Drinking</b> →	169.5 million gallons	132.6 million gallons	2,623.6 million gallons
<b>The Trend</b> 1949 compared with 1948	Down 0.9%	Up 8.4%	Down 0.6%

## Aged Whiskey Makes Its Market Bid

The liquor business is being turned upside down again. Aged whiskey is what's doing it. During 1940, the last full prewar year when whiskey was plentiful, almost 70% of all whiskey bottled was either straight or bonded stuff. (Straight means all-whiskey; bonded means all-whiskey, 100 proof, at least four years old, and bottled and stored under U.S. government supervision.) Only about 30% of that year's bottling was a blend of whiskey and neutral spirits (low-proof alcohol). But those percentages got pretty well

pulled out of shape during and since the war. In June, 1947, bottling of neutral spirits blends accounted for almost 90% of all whiskey bottled.

When war broke out, distillers had to turn all their facilities over to industrial alcohol. So they started concocting blends of straight whiskey and alcohol.

But take a look at the table (above) and you will see that the straights and bonds are making their comeback—although they are still a long way from their old spot—at the top.

It was four years ago that distillers

got back into civilian production and began aging liquor again. And four years is just about the minimum time in which you can age whiskey. So it wasn't until about nine months ago that the first straight whiskeys began coming back into the market.

Since then, there has been a steady stream of new stocks of aged whiskeys coming out of the warehouses. Gradually, as supplies have increased, their prices have dropped. So more and more drinkers are turning back to their pre-war standards.

# Still Hacking at Big Steel

Celler's House subcommittee has launched a new and tougher campaign against U.S. Steel. Object: change the law to make U.S. Steel's size illegal.

You can sum up the debate over the government's antitrust policy by asking just a single question: What, if anything, ought to be done about U.S. Steel Corp.?

That problem has had government experts stymied ever since 1948 when the Supreme Court ruled in a five-to-four decision that Big Steel was not too big, and that there wasn't any reason why it shouldn't be permitted to get bigger by buying Consolidated Steel Corp., West Coast steel mill.

• **Another Try**—This week, the antitrust boys were at it again in Washington. Rep. Celler's antimonopoly subcommittee of the House Judiciary Committee began a series of hearings aimed at finding out again whether U.S. Steel is too big. Celler himself thinks it is, but to help prove his point he is bringing in a lineup of government experts who have spent years figuring out ways to get at the corporation.

Celler's special counsel for the subcommittee hearings is Edward H. Levi, who served a five-year stint as an antitrust lawyer for the Justice Dept. Backing him up is a whole group of government lawyers and economists, who will help Celler build his case against Big Steel.

Celler's group is pretty scornful of the job Sen. O'Mahoney's joint economic committee did last January (BW—Feb. 4 '50, p24). O'Mahoney's group came through last month with a recommendation that steelmakers should file proposed price boosts with some government agency, then wait a while before putting them into effect.

Celler plans a much more thoroughgoing job. His hearings will run for three weeks, and they will try to record every phase of the corporation's operations—from ore mining and shipping, through steel-making, selling, and pricing.

When they are all finished, here's what Celler wants them to show: that the antitrust laws have to be changed, so that the next time a U.S. Steel case gets into the Supreme Court, the court will have to dissolve or curb the corporation.

• **Ore Shortage**—The early hearings this week have already set the tone. Secretary of the Interior Chapman, and the director of the Bureau of Mines, James Boyd, said that there will be a big shortage of iron ore by 1960 or 1970, or even earlier—no matter what comes out of Venezuela and Labrador deposits. This

would put big steelmakers in a powerful market position.

But Celler's prize witness so far has been George Stigler, Columbia University economist and a long-time student of steel problems. Stigler offered three possible solutions to the Big Steel problem:

- Continue the present antitrust policy of uncovering and prosecuting specific practices such as the basing point system.
- Accept the corporation in its present form and size, and regulate it as a monopoly.
- Dissolve Big Steel and other big companies in the industry (Stigler would include Bethlehem and Republic) into several independent companies.

Stigler's own choice was dissolution. He said that in his own studies of U.S. Steel he was never able to prove that the corporation was particularly efficient or that there is any other special advantage to size. He argued that price behavior in the steel industry is inconsistent with real competition.

Stigler proposed that the antitrust laws be rewritten so that being as big as Big Steel would become an offense under the law.

• **New Law**—Celler's own amendment to the law would dissolve any company "whose size and power are such as to substantially lessen competition or tend to create a monopoly." But he would qualify this by permitting a company to block this kind of splitup if it could show it "would materially lessen efficiency."

The subcommittee's counsel, Edward Levi, came up with a really tricky amendment. He used some of Sen. Taft's own words. Taft, in one of the campaign columns he sent out to Ohio papers, had asked whether Big Steel was "so predominant that it has power to fix prices or at least modify the usual effects of competition." Taft went on to say that if any company were that big, maybe there should be some kind of limit on the percentage of any industry which that company could control.

Levi took Taft's words and turned them around to phrase his own amendment. It proposed that the Sherman act be changed to define as illegal any company that is "so predominant that it has the power to fix prices or modify the usual effects of competition."

The subcommittee plans to give U.S. Steel officials their round sometime next week.



**South and North, They All Love Myrtle**

Port au Prince, Haiti, gets a wary look at a new U.S. exportation—a carnival sideshow. Myrtle, the Turtle Girl, and her companions of the Ross Manning Show, wowed the island natives; the Manning tent displays were the top exhibit at the Haitian Inter-

national Exposition. The six months' exhibition was one of the lures Haiti held out to tourists in this 200th year of the founding of its capital city. Last fall, Myrtle was doing her stuff on more familiar ground—the Danbury (Conn.) Fair.

## Happy Easter

**It was for retailers—in spite of statistics. Dept. store sales were as high as last year. Overall total may be even higher.**

It turned out to be a pretty good Easter for retailers after all. Nobody set any sales records—but then, nobody expected to. Now that the last Easter sales ticket has been recorded, most retailers are feeling pretty happy about the way things ended up.

• **Same as Last Year**—Nationwide, department stores' dollar sales in the four pre-Easter weeks were exactly the same as they were in the same four weeks last year. (It will be a month before figures on other stores are ready.) Actually, those four weeks of 1949 didn't include the final shopping week before Easter, which came on Apr. 17 last year. If you switch the statistics around, you find that dollar sales in the four pre-Easter weeks this year were down 4% from the same weeks last year.

But a 4% drop is a very good showing for department store sales as a whole, for two reasons: (1) Consumer buying habits have changed, and (2) so has the price level.

Department store executives all over the country report that the one really weak spot in their spring sales picture was women's apparel. Sales of millinery, shoes, and accessories ranged from "pretty good" to "very good." Men's clothing didn't make a bad showing in most places.

• **Hard Goods Strong**—All in all, turnover in the traditional Easter merchandise was disappointing. But the hard-goods departments, chiefly television sets and major appliances made up for it. Those happen to be just the lines where department stores usually do the smallest portion of the total business. Most of the TV sets, refrigerators, and stoves are sold through local independent stores, where sales have been booming as never before. What's more, one of the boomerest items in the entire retail field—autos—isn't sold in department stores at all.

• **Maybe Higher**—This means that the department store statistics don't tell the whole story on retail sales this spring (BW-Apr. 15, p46). When the overall figures come out, they very likely will show this year's total higher than a year ago.

In any case, prices this year are significantly lower than they were in 1949. Hence there's no doubt that physical volume of sales topped last year's by a good margin.

## Executive Pay

**A top executive who puts an industrial company in the billion-dollar class may draw from \$70,000 to nearly \$500,000.**

It takes money to hold a top executive. But when you get into the upper brackets, there's no such thing as a wage pattern. Compensation of the chief officers of the biggest U.S. industrial corporations runs anywhere from about \$70,000 to close to half a million.

That's the picture you get from a special BUSINESS WEEK study of management compensation in 1949. Companies covered by the study were those industrial corporations that had sales of more than \$1-billion in 1948. (Ford Motor Co., which never releases financial data, is excluded.) E. I. du Pont de Nemours, which was not in the \$1-billion sales bracket in 1948 but made it in 1949, is included. Figures for General Motors, which heads the list in sales, are not yet available.

Here are the leading companies, ranked by the size of their 1948 sales, and the compensation paid to top executives:

Standard Oil Co. (New Jersey)*	
Eugene Holman, president	\$167,200
F. W. Abrams, chairman	139,338
United States Steel Corp.	
B. F. Fairless, president	219,747
Irving S. Olds, chairman	170,727
Elders M. Voorhees, chairman	
finance committee	169,727
Swift & Co.	
John Holmes, president	100,000
William Traynor, vice-president	70,000
Armour & Co.	
F. W. Specht, president	102,700
George A. Eastwood, chairman	
executive committee	97,033
General Electric Co.	
Charles E. Wilson, president	277,000
Philip D. Reed, chairman	180,000
Chrysler Corp.	
K. T. Keller, president	250,800
B. E. Hutchinson, vice-president	225,700
Herman Weckler, vice-president	242,947
Fred Zeder, vice-president	215,400
Socony-Vacuum Oil Co.	
B. B. Jennings, president	118,497
G. V. Holton, chairman	111,678
Bethlehem Steel Corp.	
Eugene Grace, chairman	333,996
Arthur Homer, president	273,528
Standard Oil Co. (Ind.)	
Robert E. Wilson, chairman	143,169
Alonzo W. Peake, president	133,505
Texas Co.	
W. S. S. Rodgers, chairman	171,178
Harry Klein, president	165,515
Gulf Oil Corp.	
J. F. Drake, chairman	390,983
S. A. Swensrud, president	245,911
E. I. du Pont de Nemours & Co.	
C. H. Greenewalt, president	438,550
A. B. Echols, vice-president	313,350

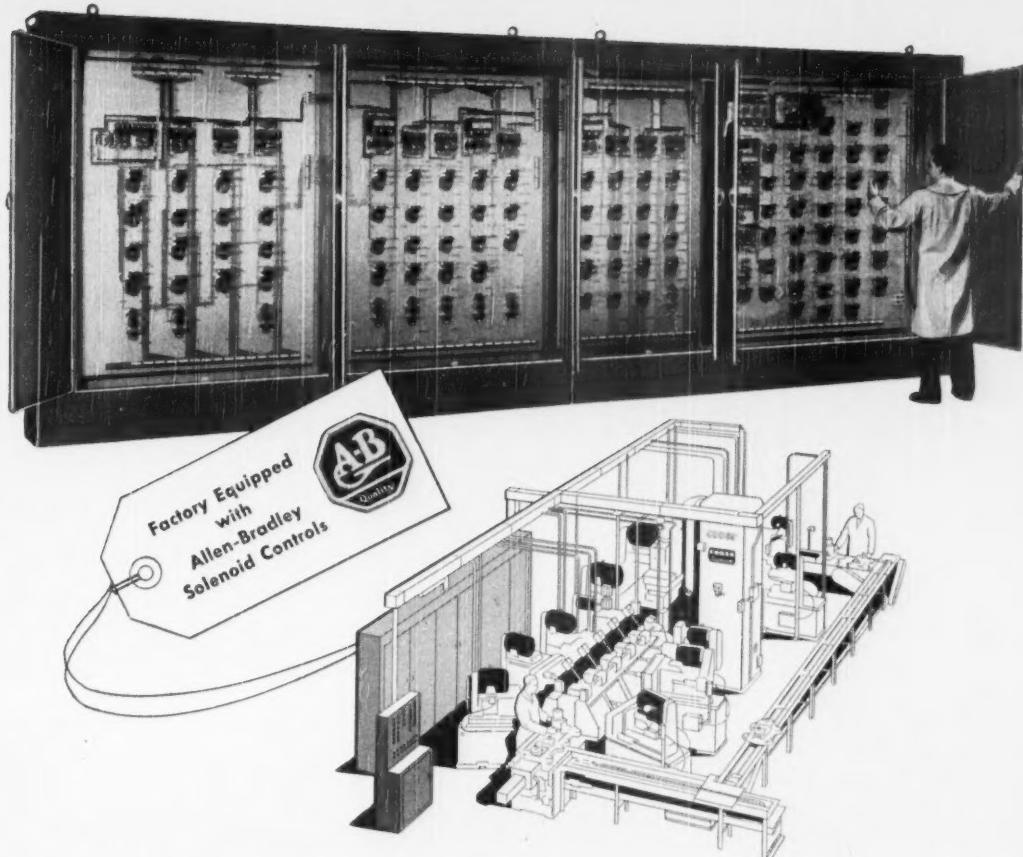
\*1948 compensation



## British Hack Bids for Manhattan Fares

One lone British-built taxicab is now cruising New York's streets competing for fares with the Packards, Checkers, and DeSotos. The British cab, an Austin, should do pretty well for itself. It's extra maneuverable (since it's about 4½ ft. shorter than the conventional hack), yet it carries a standard load of five (three in the back seat, two on jump seats). It

also sells for about \$750 less than the usual U.S.-made cab. Alston Cab Corp. has been licensed to run the cab experimentally—to find out what customers and cabbies think of it. Sample reactions: from a customer, ". . . room enough for a man wearing a top hat"; from a cabbie, "I'm a little stiff here in the knees, but it's an easy hack to drive."



## CROSS Transfer-Matic Machine Operated by 120-Unit Allen-Bradley Control Board

This combination machine tool . . . a marvel of complete automatic operation . . . is the Cross Transfer-Matic Machine for the machining of automobile transmission cases.

Here, over one hundred individual operations are co-ordinated into an automatic machining sequence. Obviously, continuous and trouble free operation of the controls is a prime requirement.

All Allen-Bradley solenoid contactors on that control board have but one moving part. There are no links, levers, pins, pivots, or bearings to corrode, stick, or break. Their simplicity guarantees trouble free performance.

The overwhelming preference of machine tool builders for Allen-Bradley controls is easy to explain. No other controls are so trouble free.

Allen-Bradley Co., 1332 S. Second St., Milwaukee 4, Wis.



**ALLEN-BRADLEY**  
**SOLENOID MOTOR CONTROL**

## BUSINESS BRIEFS

Texas City blast victims won the first round in their suit to collect \$200-million in damages from U.S. In ruling on a combination suit by 8,485 people, a federal district judge found negligence by government employees caused the disaster.

Studebaker will sample dealers with its automatic drive (BW-May 28'49,p26) early next month. Price: \$190. The transmission, built by Borg-Warner, is a torque converter with a direct-drive link.

Du Pont operating earnings in the March quarter were the highest for any quarter in its history. Profits figured out to \$1.15 a common share. Of this, 84¢ came from operations (compared with 65¢ a year ago), the rest from General Motors dividends.

Arthur Keating (BW-Apr. 15'50,p80) gave up his president's chair at Ekco Products to 36-year-old Benjamin A. Ragir. Keating, who wanted more time for his job as president of National Enameling & Stamping Co., remains as Ekco chairman.

Name changes: Nineteen Hundred Corp., maker of Whirlpool home-laundry equipment, becomes Whirlpool Corp. on July 1. Transcontinental & Western Air, Inc., long known as Trans World Airlines, will probably make the Trans World tag official at a stockholders' meeting on Apr. 27.

GE's atomic laboratory, which was told to drop its project for a central-station power reactor (BW-Apr. 8'50,p20), now has orders from AEC to develop an atomic marine engine. Westinghouse is already at work on a marine engine with different nuclear properties.

New hotels are slated for Los Angeles and Dallas. Statler will start work about June 15 on a 1,275-room hotel and adjoining office building in Los Angeles. Conrad Hilton and Texas businessmen have agreed to form a corporation to build a 500-room hotel in Dallas, to be ready by fall, 1951.

RFC's loan of \$10.1-million to Texmass Petroleum Corp. of Dallas (BW-Dec. 10'49,p89) was called illegal by Comptroller General Lindsay Warren. Warren said it would run more than 10 years—the legal limit. RFC's answer: Even if it were illegal, we "couldn't recover the funds and should not be able to . . ."



NEWEST PRODUCT announced by the American Blower Corporation is an Automatic Gas-Fired Unit Heater shown by E. W. Petersen, Merchandise Manager.

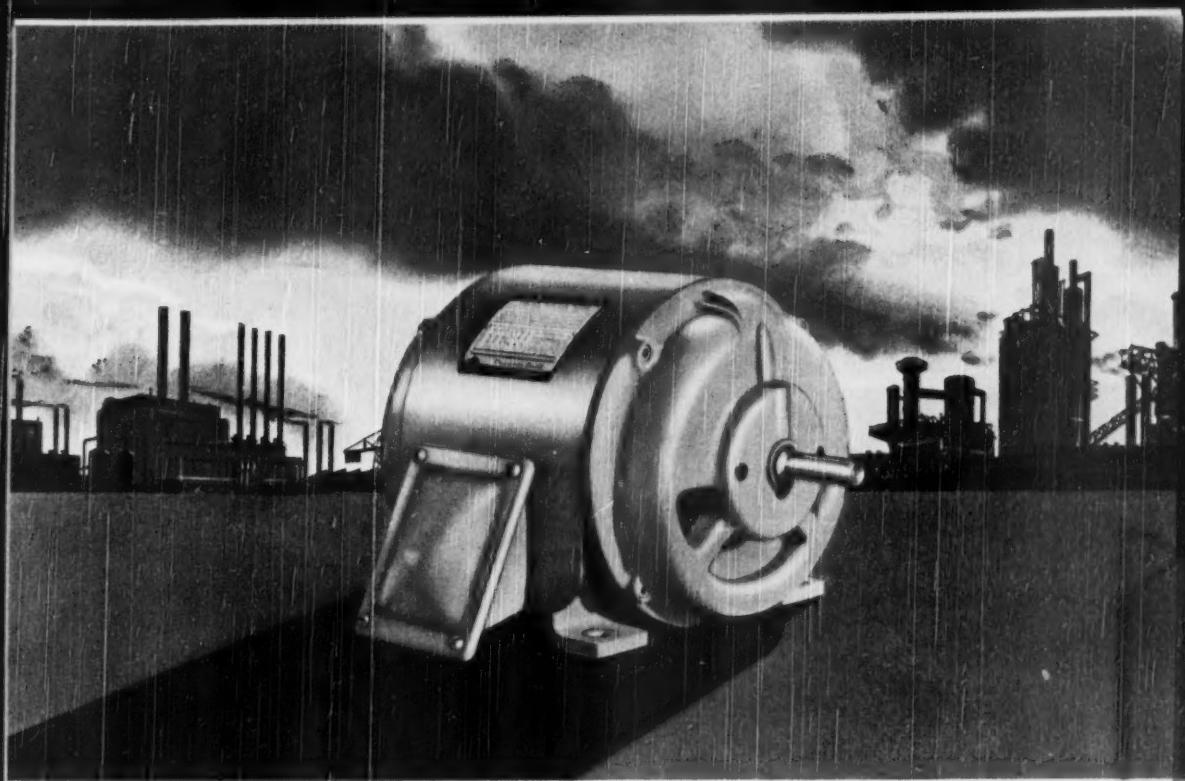
## Now you can get GAS-FIRED Unit Heaters from American Blower

Yes, they're here now, for delivery from stock. Seven sizes ranging in capacities from 70,000 to 230,000 Btu/hr. input. All are self-contained, automatic, and A.G.A.-approved. Your Heating Contractor has complete data now on these

new American Blower Gas-Fired Unit Heaters as well as on American Blower Unit Heaters for steam and hot water systems. American Blower Corporation, Detroit 32, Michigan, Division of American Radiator & Standard Sanitary Corp.

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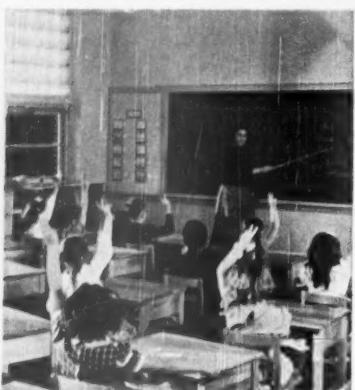
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attract more patronage, sell more merchandise in stores, restaurants, hotels and apartment buildings.

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# MANAGEMENT

## The 37 Companies

These companies make up a fair cross-section of U.S. business. They include oil, steel, electrical, and auto producers; chemical, rubber, and soap makers; a meat packer, a utility, a department store, other manufacturers.

5	Simple	One plant, few product lines
12	Complex	Several plants, multiple product lines
20	Multiple	Several plants, multiple product lines Autonomous divisions or subsidiaries

## What Kinds of Forecasting?

Sales forecasting leads all other types. Of the 37 companies surveyed, all but one (a meat packer) prepare a formal annual forecast of sales.

Sales 36
Capital Spending 30
General Business Activity 27
Industrial Activity 23
Raw Materials Prices 20
Finished Goods Prices 17

## Who Makes The Forecasts?

Company Research Staff 26

Outside Consultants 16

## General Business Forecasts: How Are They Used?

7 By research staff as basis for industry or sales forecasts

19 By officers and departments as guide for sales forecasts

## What is Basis of Sales Forecasts?

Majority of the 37 companies use two or more bases for their final sales forecast. Most-used is a projection of the historical sales trend of the company's own products.

29 Historical trends of own products

23 Estimates of companies' own sales staff

22 Industry forecast, market share

21 CORRELATION: Own sales, statistical measures

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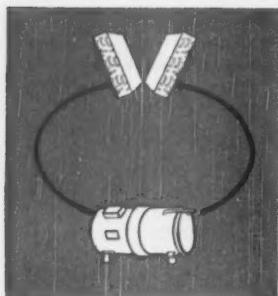
## How 37 Companies Foretell the Future

A small company with a smart manager can get along fine without any systematic forecasting. The boss makes the decisions; if he is smart, the decisions are usually right. But the bigger and more complex a company gets, the more

it needs some sort of organized forecasting system.

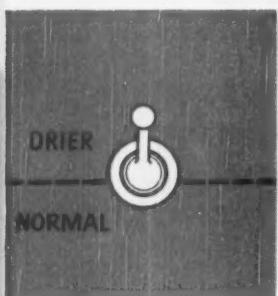
Say you have been running your operations strictly by the "feel" of business and you want to switch to something more systematic. What do you do?

The first thing you do is look at a new study called *Business Forecasting*, just issued by the Controllership Foundation, Inc., 1 East 42nd St., New York 17. This is a careful size-up of the way a group of large and medium-sized



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Only Yorkaire Conditioners have a completely Hermetically Sealed Cooling System. They're now as tamper-proof and trouble-free as modern home refrigerators—and just about as easy to install and operate!



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Only Yorkaire Conditioners have the Air-Wringer V-Coil with the famous Cooling Maze. Jumps capacity, slashes operating costs. For immaculately filtered, healthful, thoroughly conditioned air, see your York Dealer today. York Corporation, York, Pennsylvania.



The big advances come from

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Headquarters for—Refrigeration and Air Conditioning

corporations with forecasting systems make use of them.

- **No Panacea**—You will see at once that there is no such thing as an all-purpose crystal ball for business forecasting. Each company has to tailor its system to its own problems. In some industries—staple foods, for example—it's easy to make a sales forecast, hard to estimate future prices and costs. In other industries—such as electric utilities—you know exactly what your prices will be; your problem is to figure future demand.

- **Sales Prospects**—The commonest kind of crystal gazing is the sales forecast. All but one of the 37 units covered in the study make one.

The one exception is Swift & Co., the meat packer. About 80% of Swift's gross income goes back out in payment for livestock and other raw materials. The key to all its planning is the supply of livestock and the prices it brings.

A. B. Dick Co., maker of duplicating machinery and supplies, bases its complete budget plan on a sales forecast. Its volume is comparatively stable from one year to the next, but shows sizable seasonal swings. The company forecasts its sales each year, then sets up level production schedules.

- **Internal vs. External**—Sales estimates apply only to individual companies. But 29 of the corporations also make some sort of external forecast—estimates of general business. These external forecasts serve as a crosscheck on the internal ones. Or the internal forecast may be based on an external forecast.

Automotive companies do an elaborate forecasting job on the market as a whole. Then they check this against the estimates of their division managers. The final sales forecast is the base for firm production schedules and orders.

International Harvester first makes a general business forecast. This is discussed by the management and passed along to an estimate and order review department. The same department gets quarterly sales forecasts for the coming year from 75 district sales managers. The estimate and order review department then makes up a company forecast and checks it out with the sales department. In another crosscheck, sales of product lines are correlated with farm income by regions. And there is a final check against an independent forecast.

Along with the sales forecast, Harvester makes a quarterly forecast of its capital expenditures over a four-year period. And the comptroller's department makes quarterly forecasts of the financial position of the company.

- **Need Crosscheck**—The ordinary small businessman doesn't want or need anything as complicated as this. But this study makes it plain that internal forecasts are likely to go haywire, if they are not checked against some estimate of general business or industry conditions.



**"On Course" for Work or Pleasure...**

**with SPERRY MAGNETIC  
COMPASS PILOT**

Workboats on lakes and in harbors . . . fishing craft and yachts on the open seas . . . they stay on the right course with the Sperry Magnetic Compass Pilot steering that course automatically.

► This Sperry Automatic Steering enables moderate-sized vessels of every type to get many of the advantages that larger ships get from Sperry Gyro-Pilot installations. Remote Control Device permits steering from any part of the vessel.

► Installations shown reflect the versatile application of the Magnetic Compass Pilot . . . and its dependable operation reflects the precision common to all Sperry marine equipment. Our nearest district office will be glad to give you complete information.

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# Silicone News



Dow Corning Silicone  
Insulation Saves Over \$8,000  
a Year on 4 Motors!



In the Saginaw Plant of Eaton Manufacturing Co., the output of four of these machines is stepped-up by stopping the 5 h. p., 3600 r.p.m. motors with a jolt of direct current as soon as 5 operations are performed on a small automotive part. With 105 starts and stops per hour, Class A insulated motors had an average life of only 8 days—32 failures for each of the 4 motors or a potential \$10,000 a year in rewind costs alone.

Rewound with Dow Corning Silicone (Class H) insulation, these motors now have a minimum life of 6 months; save Eaton a potential \$8,000 a year plus a few hundred man hours of labor and some 40,000 parts that would have been lost due to down time.

**DOWN TIME AND LOST PRODUCTION DUE TO MOTOR FAILURE ARE NO LONGER NECESSARY!** Prove it in your own plant by having your hardest working motors rewound with Dow Corning Silicone Insulation. Call our nearest branch office for technical assistance or write to Dept. C-16.

**Dow Corning Silicones Mean Business**

**DOW CORNING CORPORATION**  
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Atlanta • Chicago • Cleveland • Dallas  
Los Angeles • New York  
In Canada: Fiberglas Canada, Ltd., Toronto  
In Great Britain: Albright and Wilson, Ltd., London



## Rolling Stone Gathers Moss

Dresser took a brood of small independent companies making different products in related fields, put them under one broad wing. And it goes where the market is.

- What makes a thriving industry turn nomad?
- How can a big company get the advantages of smallness?
- How can a small company get the advantages of size?
- How can a dying company in a booming industry slough its obsolete line and get back on its feet?

Dresser Industries, Inc., can tell you the answer, right out of its own book.

• **Off Again**—Next month, for the second time in its 19 years, Dresser is picking up and moving, bag and baggage. It's off to Dallas. Space is being readied this week in the new Atlantic Refining Building for the new tenant. And it was only five years ago that Dresser pulled out of Bradford, Pa., to set up its main offices in Cleveland.

What makes Dresser restless? Its president—Henry Neil Mallon (cover).

• **Meet Mr. Mallon**—Studioish, shy, Mallon's heart and soul are in his job. Ask him about himself, and he'll shy off right away. But talk to him about Dresser, and he's full of ideas—and ready to go to bat for them.

Mallon was born in Cincinnati in 1895. After graduating from Yale, he served two years in the Army through World War I. In 1920, he joined U.S. Can Co.—and was general manager in eight years. He went to Dresser a year later.

When Mallon took charge of S. R. Dresser Mfg. Co., the company was in a bad way. Its livelihood depended on selling mechanical pipe couplings to the oil and gas industry. And welding was killing its market.

• **Idea**—Mallon had an idea for a new type of company. It was simple: Bring in a group of small companies together under one management umbrella. He figured he could get all advantages of bigness and all advantages of smallness.

Mallon saw his setup as a string of companies all making different things—but in related fields. That's how Dresser Industries was born.

• **Execution**—At the start, the plan was to get companies making products for the booming gas industry—from the well to the final home consumer.

First, Dresser picked up Bryant Heater Co., maker of gas-fired space and water heaters—at the consumer end of the chain. Then, as bargains came along, Mallon added Clark Bros. Co., Inc., of Olean, N. Y.; Pacific Pumps, Inc., of Huntington Park, Calif., and Bovaard

& Seyfang Mfg. Co. of Bradford, Pa.

In the first postwar fiscal year, Dresser added more companies: Roots-Connerville Blower Corp., Stacey Bros. Gas Construction Co., International Derrick & Equipment Co., Kobe, Inc., Payne Furnace Co., and Day & Night Mfg. Co.

Late in 1945, it took on Security Engineering Co., Inc., of Whittier, Calif. And last year, it acquired Magnet Cove Barium Corp. in Arkansas.

• **The Rules**—Dresser laid down two rules for enlarging its group. No company would be taken in unless (1) Dresser would strengthen the new unit, and (2) it would strengthen Dresser.

Managers of individual Dresser companies are set up, as nearly as can be, as if they were in business for themselves. Some of their compensation comes from their company's earnings.

• **Advantages**—What does Dresser think it gets from its setup?

Smallness. It gets close relations between management and employees. It gets a small company's fast action when business conditions change.

Bigness. The parent's labor relations department can give expert help that the individual company couldn't afford.

The parent has a director of purchasing for quantity buying, though it does no buying itself. It can save on tax reporting and payments because those complicated problems are concentrated in one place. Finally, financing an expanding business is easier with a larger operation.

• **Why Move?**—It's easy to see at this point that the quiet Mallon is a mover when it comes to ideas. What made him a mover in fact?

He decided on the original Bradford-to-Cleveland move for two reasons: (1) He felt that Bradford was too much out of the way; and (2) one member company, Bryant, was in Cleveland.

But by 1948, the oil-field-to-consumer idea had changed. Gas heating equipment was too far removed from the rest of Dresser's operations. So Dresser sold the three companies closest to the consumer end of the line: Bryant, Payne Furnace, and Day & Night (the gas appliance units).

Shorn of its gas appliance business, Dresser decided that the primary market for its products was the oil and gas business. And where was that market most intense? In the Southwest. So, Dallas, here Dresser comes.

Build your new plant in

## THE BEST LOCATION



## IN THE NATION

Automotive manufacturers invest more than \$250,000,000 in recent expansion here!



**NEW AUTOMOTIVE PLANTS** and related facilities valued at a quarter of a billion dollars have been added to the Cleveland-Northeast Ohio area since V-J Day. And more are on the way, including a foundry and engine assembly plant 1,700,000 square feet in area.

**YOU, TOO, CAN SAVE MONEY** both ways . . . *in deliveries from suppliers and to your markets . . . by locating here.*

This is the only major industrial center in America offering 81,000,000 customers within 500 miles . . . 11 of the nation's 14 largest cities, and 70 per cent of U. S. production *within overnight haul!*

**CUT YOUR COSTS AND ADD TO YOUR PROFITS** . . . investigate the best location in the nation today. Use our free, confidential Location Engineering Service.

*Phone, wire or write Development Department,  
David A. Aitken, Manager*

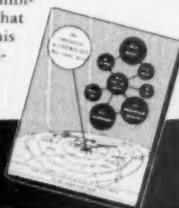
### Check these Advantages!

Only the Cleveland-Northeast Ohio area, *the best location in the nation*, affords business and industry this unique combination of superior advantages!

- At the Market Center of America, with 81,000,000 people within 500 miles.
- Superlative transportation by land, water and air.
- Electric power at low rates.
- Plenty of manpower with the know-how.
- Many producers of parts, materials and supplies.
- Basic materials right at hand.
- Ample financial services.
- Complete business and industrial services.
- Favorable tax structure (no state income tax).
- Diversified industries to supply and be supplied.
- Unlimited fresh-water supply.
- Desirable plants and plant sites.
- Excellent living and cultural environment.

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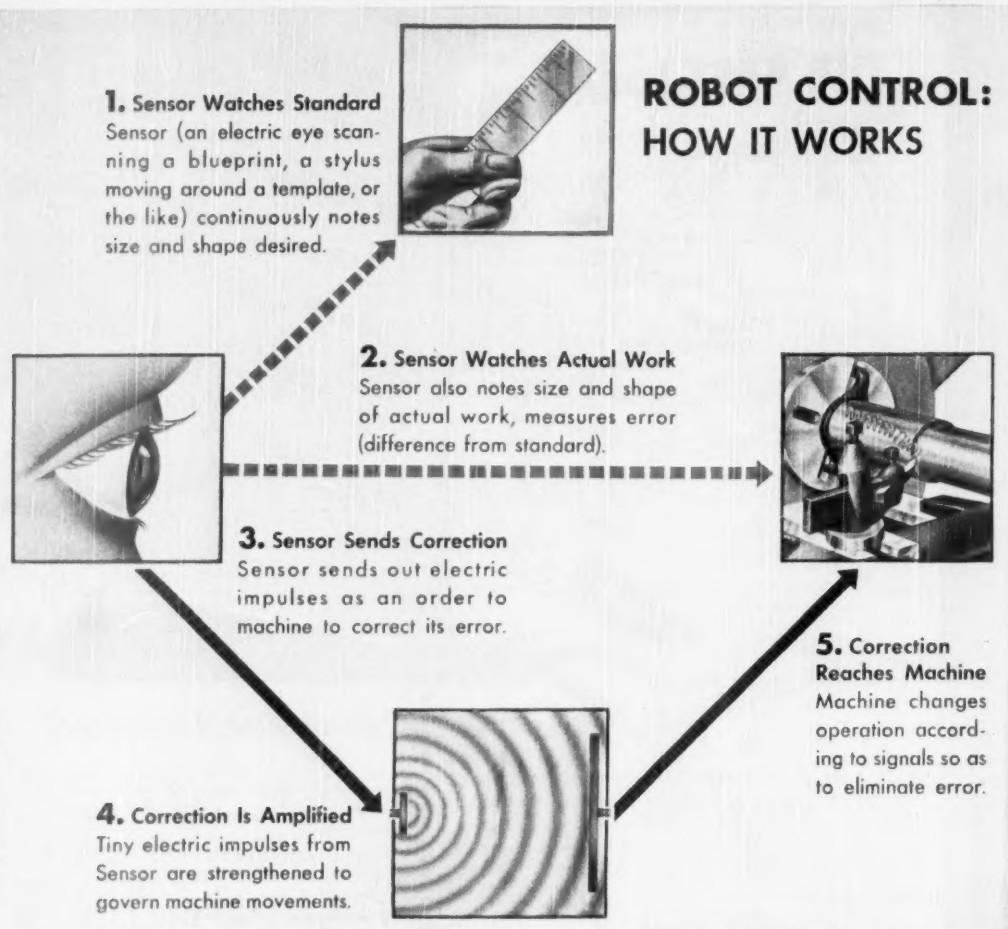
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27 PUBLIC SQUARE • CHERRY 1-4200 • CLEVELAND 1, OHIO

# PRODUCTION



ALL TRUE ROBOTS, machines capable of adjusting to varying conditions to produce a desired result, operate on the same principle.

This basic diagram is destined to become a familiar one, for out of the laboratories of industry are . . .

## Coming—Tools That Read Blueprints

World War II produced robots that could aim guns, fly planes. Now, in multi, they're about ready to move into factory.

- In Cleveland this week, at the National Advisory Council for Aeronautics, laboratory technicians are fooling with a haywire contraption. You start with a magnetized tape; the magnetized spots on it represent numbers and equations of a complicated piece to be manufactured. The tape feeds into a computer. Wires from the computer run to a building in another part of the grounds, where a solitary lathe chews busily

away at a piece of bar stock, doing what the computer tells it to. In a matter of months, NACA figures, it will have that lathe making turbine blades. In a matter of years, 50 lathes scattered around the country may be running off that one computer.

- In the fenced-off back laboratory of a big eastern machinery maker is another solitary lathe. It is manned, not by a machinist, but by a wire recorder.

A "sensing unit" reads blueprint dimensions off the recorder wire, keeps track of the position of the cutting tools and the load on them, controls the tool settings through servomotors to bring the stock to the required dimensions. As a machinist would, it does whatever is necessary to produce the required part.

- A midwestern company is working on a similar device in which a track on movie film controls the actions of a die sinker.

- Next Step—Developments like these are going on in the laboratories of

nearly every major machinery producer and instrument maker. No one is talking about them yet; none are yet ready for the market. But over the next year or so, you'll begin to see the results of this sort of experimentation.

Automatic general-purpose machinery may prove to be the next big trend in production technique. It may be a long step toward the automatic unmanned factory.

The new devices are a natural outgrowth of two things: (1) the steady uptrend in the cost of manpower and the relative abundance of money for investment, and (2) the wartime development of robots for flying planes, aiming guns, and the like.

Toward the end of the war, anti-aircraft gunners used robots to which they could simply point out a plane with instructions to shoot it down. The robots would track the plane by radar, figure out where it was going, aim the guns there, and fire them at the right time.

• **Significance?**—How fast will robots move from the armed forces into the factory? There's no telling yet. Though the technical problems are being met, robots raise their own economic problems. They save a great deal of skilled direct labor. But they create a need for a lot of highly skilled maintenance. It may take the demands of another war to find a use for a lathe that can read a blueprint. Or the new devices may take hold with the speed and impact with which automatic controls invaded continuous process industries like steel rolling and gasoline refining.

• **Rolling Steel**—In the steel mills, workers used to feed a strip of hot steel in and out of a rolling mill by hand, then pass it down the line to another crew for more finishing.

The continuous strip mill changed all that back in the 20's. Now steel travels from a roughing mill, through a series of rollers, and into a coiler untouched by a handler's tongs. Roller after roller, a strip speeds up automatically to compensate for its increased length. Speeds of the rollers along a strip mill are controlled by regulators connected to their drive motors.

These regulators are robots. Built into each is a reminder called a reference. The reminder tells the motor to run at a constant speed, regardless of load. The instant that a strip of steel enters a roller, the motor starts to slow down under the load. The reminder inside the regulator notes the difference between its reference speed and the motor speed—the error. The regulator feeds more power to the motor, keeps increasing the power until the error is eliminated.

• **Making Gasoline**—Instrument makers can show you on sales graphs the turning point in the mid-30's when robots

Roebling Wire Rope Arch Lines and Chokers are the result of hundreds of tests by Roebling engineers and West Coast loggers to learn how ropes for logging could be improved . . . In that practical way, every Roebling wire rope is developed for its particular job.



## Why men who watch costs specify Roebling

Roebling Aircraft contributes to safe, sure control in the air.

Roebling Oil-Tempered Spring Wire leads for automotive springs.

Rewar Magnet Wire insulation is 10 to 40 times tougher than other types.

WIRE ROPE made of "Blue Center" steel has extraordinary ability to withstand abrasion, shock and fatigue—a roundabout way of saying that it lasts longer and costs less! And "Blue Center" steel is an exclusive Roebling development—made only by Roebling. Records show that "Blue Center" Steel makes today's unbeatable wire rope for service and economy.

Similarly, Roebling's full range of electrical wires and cables, high carbon specialty wires, aggregate screens and woven wire cloth are the standard of quality. Research, engineering and the most modern, precision manufacturing facilities give the whole wide line of Roebling wires and wire products an unsurpassed plus value throughout industry. **THAT'S WHY...**

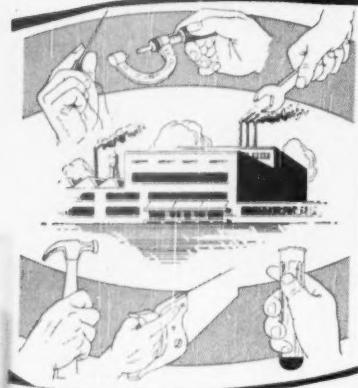
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Atlanta, 934 Avon Ave. ★ Boston, 51 Sleeper St. ★ Chicago, 5225 W. Roosevelt Road ★ Cincinnati, 3253 Fredonia Ave. ★ Cleveland, 701 St. Clair Ave., N. E. ★ Denver, 4801 Jackson St. ★ Houston, 6216 Navigation Blvd. ★ Los Angeles, 216 S. Alameda St. ★ New York, 19 Rector St. ★ Philadelphia, 12 S. Twelfth St. ★ Portland, 1032 N. W. 14th Ave. ★ San Francisco, 1740 Seventeenth St. ★ Seattle, 901 First Ave. S.



A CENTURY OF CONFIDENCE

# Workers are Plentiful and **D-I-S-P-E-R-S-E-D** in NORTH CAROLINA



72.7 per cent of the population of North Carolina—No. 1 State and market of the South—are “rural” residents. Yet their homes are linked farm-to-market-to-city by one of the best all-weather road systems in the U.S.

This means abundant and dispersed manpower for industry—especially in rural areas. Dependable workers, too, many of whom own their own homes and small farms, and grow much of their own food.

“Accessible isolation”—so important in the Atomic Era today—is yours in North Carolina...within 500 miles of 55% of the U.S. population. Here, too, are plentiful raw materials at their source...water and power...a year-round out-of-doors climate.

To get the facts from the State that offers you “Relative Isolation With Maximum Accessibility to Major Markets” address: Dept. B-6, Division of Commerce and Industry, Dept. of Conservation and Development, Raleigh,



began to take over refining. Until 1935, instrumentation in petroleum and chemical industries meant recording devices. The operator of a distillation unit noted a change in the temperature or pressure in the reaction chambers by a chart recorder. Then he adjusted his valves to correct the change.

After 1935, more and more of the control left the hands of the operator and became part of the operation of the instrument itself. Now, in modern refineries, control instruments not only record the conditions of a process but automatically regulate the conditions to produce the desired product.

Today, it may take no more than seven men to run a \$7-million catalytic-cracking refinery with a throughput of 30,000 bbl. per day. Or rather—the seven men supervise the refinery; the robot refinery is quite capable of running itself.

• **Complications**—Here's the sort of thing a system like this is supposed to be able to do: As the last step in “tuning in” a petroleum-cracking unit, the engineers throw everything galley-west—wrong pressures, wrong temperatures, wrong rates of flow. Then the system is supposed to get itself running properly again without receiving any help from anyone.

Sometimes it can't. If the control is too sluggish, it may never be able to get all the different conditions into adjustment at the same time. Or, if it's too quick and sensitive, it is likely to over-correct the errors, try to correct back again and overshoot once more, repeat, and go into a jittery oscillation called “hunting.”

• **Family Failings**—Actually, all robots have the same “psychology”—certain basic habits and difficulties, whether they are operating a refinery, flying an airplane, or running a lathe.

The delicate balance between sluggishness and hunting is one of the most basic. Designers find all kinds of tricks to get around this robot quirk. Sometimes they have to change the job itself. Example:

One type of robot already common in industry controls the movements of an automatic cutting torch which cuts complicated shapes out of steel plate. An electric eye traces out the shape of a blueprint or template for the torch to follow. But the robot has trouble with sharp corners. (Any abrupt change is tough on a robot.) If the eye comes up to the corner too slowly, the robot anticipates the corner and turns the torch too soon. If the eye moves too fast, the torch overshoots the corner, then wriggles back to the right track. One solution: Distort the blueprint so that the expected overshooting will produce a true corner.

• **Miscegenation**—Most baffling robot problem, one which has never been

satisfactorily whipped, is interaction of dissimilar kinds of equipment.

Every robot has several very different jobs to do: It must measure things like pressure, speed, size. It must transmit information. It must calculate relationships among the measured quantities. It must amplify the conclusions it reaches to make them powerful enough to do the robot's final job of manipulating the device it controls.

The designer can employ mechanical, hydraulic, pneumatic, or electric devices to do these jobs. Trouble is some of these are best for one of the jobs and some for another. An hydraulic piston, for example, is ideal to power a cutting tool that needs rigid backup; but a hydraulic amplifier is bulky and expensive. An electronic amplifier, on the other hand, is fine, but electric motors do a springy nonpositive job of manipulation.

So a robot always tends to involve a combination of systems—and different systems rarely work in harmony. No one, for instance, has yet found a really satisfactory way to make an electronic amplifier control a hydraulic drive—to marry the nearly instantaneous application of hydraulic pressure to the surge-and-fadeaway of electric energy. That's a problem the designers are still working on.



## Magnetic Traction

Lionel Corp. uses magnetism instead of added weight to give its model locomotives traction. Joseph Bonanno, Lionel's chief engineer, magnetizes the ends of the drive axles, then attaches wheels made of pressed iron powder. The uniformly dense iron wheels transmit the magnetic attraction to the track. The extra force allows locomotives to pull a load up 25% grades. The idea, now being patented, opens new possibilities for light iron parts where firm contact is needed.



## First

by every measure of leadership!

Look at the new 1950 Chevrolet from the standpoint of beauty—of comfort—of driving and riding ease—of performance with economy. Or look at it from the standpoint of the *nationwide popularity* which confirms its superiority in all of these qualities. And you'll find that this magnificent new car is first by every measure of leadership! It brings motor car buyers *more for their money*; and motor car buyers bring Chevrolet *more orders and repeat orders* than they give to any other automobile in the industry!



## and finest

by every measure of value!

Just think of the many fine-car advantages you get in Chevrolet and can't possibly get in any other low-priced car! Your choice of *finest automatic drive* with new Powerglide Automatic Transmission combined with new 105-h.p. Valve-in-Head Engine\* . . . or *finest standard drive* with the famous Silent Synchro-Mesh Transmission combined with improved 92-h.p. Valve-in-Head Engine! Center-Point Steering! Unitized Knee-Action Ride! Curved Windshield! Proved Certi-Safe Hydraulic Brakes!



The Styleline De Luxe 4-Door Sedan



## at lowest cost

by every measure of economy!

But you'll find the *real beauty* of this most beautiful buy of all—this car that's *first and finest at lowest cost*—is that it brings you so many advantages of highest-priced cars at substantial savings in every phase of ownership. It's the *lowest-priced* line of automobiles in the entire low-price field. And its surprisingly low cost of operation and upkeep will delight you, day after day, week after week, year after year!

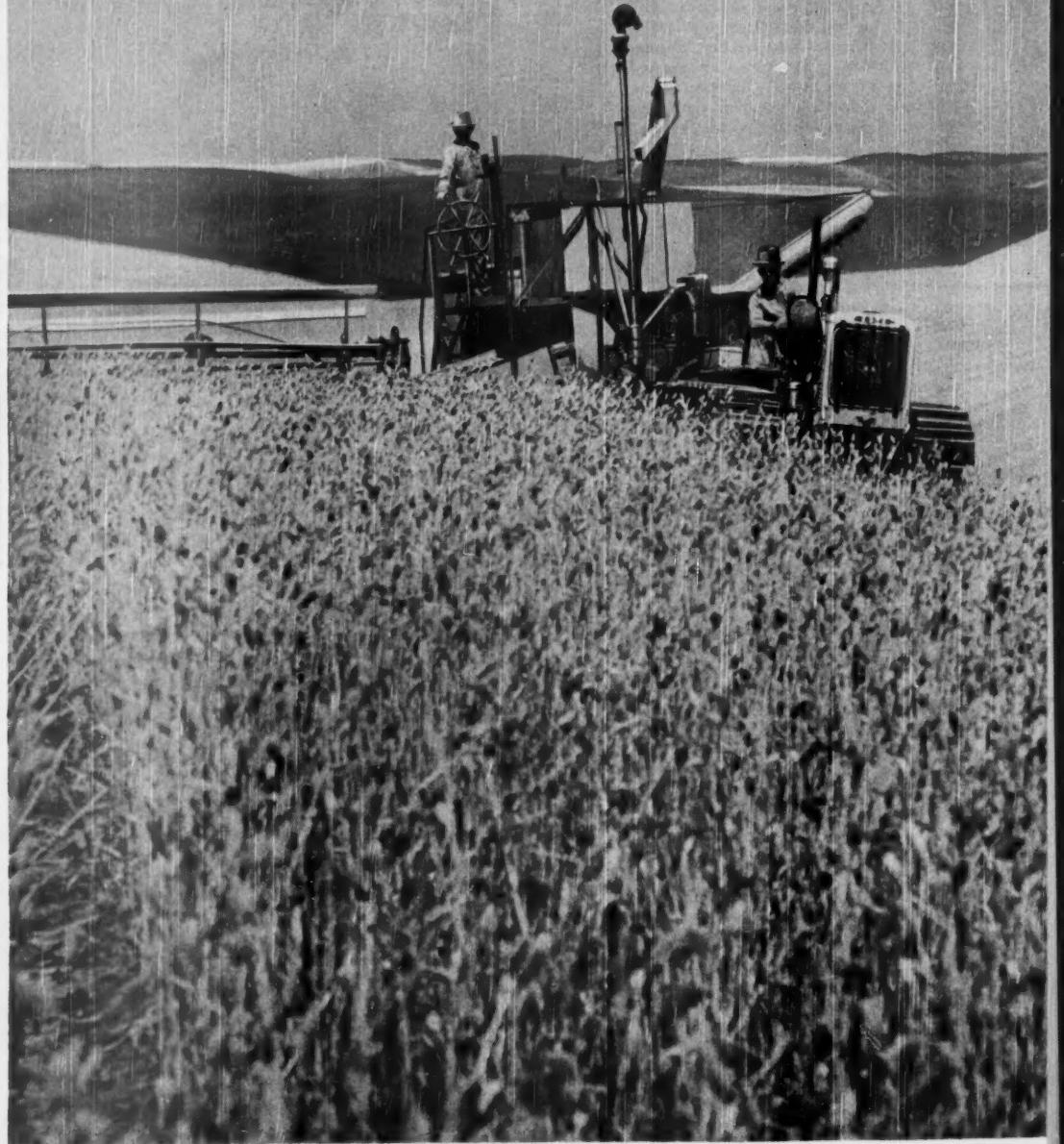
\*Combination of Powerglide Automatic Transmission and 105-h.p. Valve-in-Head engine optional on De Luxe models at extra cost.



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CHEVROLET MOTOR DIVISION, General Motors Corporation, DETROIT 2, MICHIGAN

# PLOWING BA



# CK PAYS OFF

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as in Food—All America  
Reaps the Benefits  
of Planning Ahead!*

DURING and after the war, as everyone knows, oil needs skyrocketed. They are still climbing.

In 1948, Socony-Vacuum plowed back \$201,000,000 into the business—expanded all facilities to handle unprecedented demand.

Again, in 1949, we plowed back \$158,000,000 to improve still further our efficient, integrated operation, and so assure a continuous flow of high-quality oil products.

This is the kind of "plowing back" that builds for the future...that makes for National Security...that



*Plowing Back Builds for the Future*

assures oil supply for growing millions of cars, homes and mechanized farms, for expanding aviation and every industry that relies on *more oil* to produce a bigger money's-worth for you.

America is already reaping the benefits, and more and more benefits are coming.

★ ★ ★

Socony-Vacuum, as one of the oldest petroleum companies, is proud of the part it has played in a progressive industry—will continue to look ahead and plow back.

*The Flying Red Horse Companies*

**SOCONY-VACUUM OIL COMPANY, INC.**

and Affiliates: MAGNOLIA PETROLEUM CO. • GENERAL PETROLEUM CORP.

*The Sign the Nation Knows—  
Builds as the Nation Grows!*





SPECIAL DESIGN is job of brother Enos Derham. He turns the customer's wildest fancy into a smooth-lined . . .

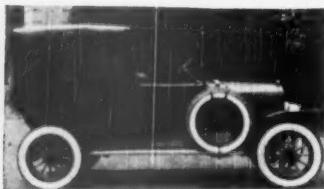


CUSTOM BODY, built from hand-tooled wooden frame, covered with sheet aluminum, machine-hammered to fit the form.



DREAM CAR with portholes is one of a pair that Derham built for industrial designer Raymond Loewy. Loewy styled the cars himself. Result is a hybrid foreign-domestic styling, only available through custom-building.

## Demand for Hand-Built Autos Is Up



\$5,000 Rolls body on a \$375 Model-T. Yes, a customer asked for it—her chauffeur was Model-T trained.

Not all the high-fashion cars come from Europe; a lot of them come from Philadelphia. In a small shop just three miles out on the Main Line, two brothers are operating a highly successful business, custom-building "dream cars" for people who are willing to pay plenty to be different.

• **Individuality**—Derham Custom Body Co. is capitalizing on one big weakness in mass production: lack of individuality of style. With the number of standard car makes narrowing down from a hun-

dred or so in the 20's to 20 now, more and more people are looking for distinctive models. The mass auto makers have neither the time nor the tools to handle one-of-a-kind jobs; their profit depends on volume. So a custom-builder like Derham has a wide-open field.

Right now, Derham is getting more orders for special body jobs than its 40-odd workers can handle. Almost a quarter of the 30,000-sq. ft. of floor space in the shop is packed with cars



CRAFTSMAN George Robinson has built fancy cars for 42 years. Nothing surprises him.



SALESMAN and Derham boss is brother James. His main job: contacting the well-heeled.

waiting to be worked on. Business has been good ever since the war; Derham has grossed an average of \$160,000 a year. But the company thinks that this year may be better yet; it should top \$200,000.

• You Pay for It—Derham charges about \$2,000 to make over a standard sedan to a "formal." This involves cutting down the size of the rear window, putting on a leather top, and inserting a glass partition behind the chauffeur's seat. Some of the company's complete custom jobs—individual styling from bumper to bumper—run to \$25,000 and more.

Bulletproofing is a fairly common-

**50% more summer trade!**



"Yes, the cool, comfortable climate supplied by our Frigidaire Self-Contained Air Conditioner brought more customers and bigger checks — gave us a 50% increase in summer business," says J. J. Campayno, owner of the Sun-set Restaurant, Braddock, Pennsylvania.

## For money-making "weather"— FRIGIDAIRE Air Conditioning!

WHETHER you want better summer business for your shop or restaurant, or better summer morale for your office, you'll profit by choosing this Frigidaire Self-Contained Air Conditioner. Not only because of its low cost and easy installation, but because it gives you all these special Frigidaire advantages—

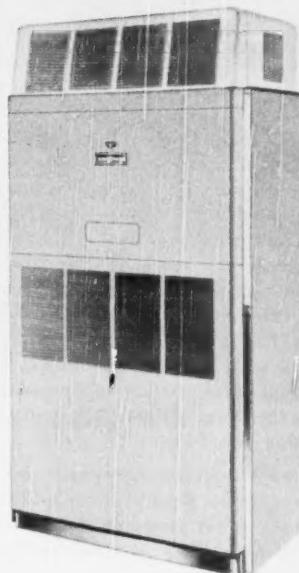
**Good-looking.** Smartly modern styling by world-famed Raymond Loewy.

**Controlled Airflow.** Flexible control of the airflow—on one or all four sides.

**Fast-cooling.** Exclusive Multipath Cooling Unit insures smooth, fast cooling action.

**Dependable.** Frigidaire Compressor, cooling unit and controls precision-matched for years and years of low-cost, trouble-free operation.

**Quiet.** Expertly applied, heavy insulation keeps noise inside—keeps moisture from forming outside.



Your dependable Frigidaire Dealer will be glad to make a free survey of your air conditioning needs—give you facts and figures on Frigidaire Air Conditioning and what it will do for your business. Look for his name in your Classified Phone Book, under "Air Conditioning" or "Refrigeration Equipment."



FOR INDIVIDUAL ROOMS in homes, offices, hotels, and hospitals, Frigidaire Window Conditioners supply the same kind of air conditioning as big, theater-size systems. They're easily installed, powered by the famous Meter-Miser.

Over 400 Frigidaire commercial refrigeration and air conditioning products  
—most complete line in the industry.



**FRIGIDAIRE Air Conditioners**

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Industrial Trucks?**

**ELWELL-PARKER**  
**makes both...  
supplies the type  
you need**



*Special E-P "Pallet Retriever" in boxcar*

• Elwell-Parker offers you unbiased advice, backed by 44 years' experience, on whether you need gas or electric trucks. On steady, intra-plant service, E-P battery trucks cost much less, for fewer moving parts reduce maintenance. However, gas trucks are often practical for: 1. Long or outdoor runs; 2. Seasonal operations; 3. Infrequent starting in operating cycle. Your  man will explain this more fully.

E-P trucks are serving in 300 industries. Most of those sold in the last 44 years are still on the job. Over 50 models, "tailored" to individual needs.

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BOOKLET**  
on Scientific Materials Handling.  
Ask for "Industrial Logistics". Write  
The Elwell-Parker Electric Company,  
4004 St. Clair Ave.,  
Cleveland 3, Ohio.



**ELWELL-PARKER**  
Power Industrial Trucks  
Since 1906



CARDINAL SPELLMAN AND LOUIS B. MAYER both have this modified Chrysler. It's Derham's mass-production model: Four were built, two for the Chrysler family.



LEWIS ROSENSTIEL, Schenley founder, wanted a Chrysler with Lincoln Continental lines. The car has a standard wheelbase; styling gives it the long look.

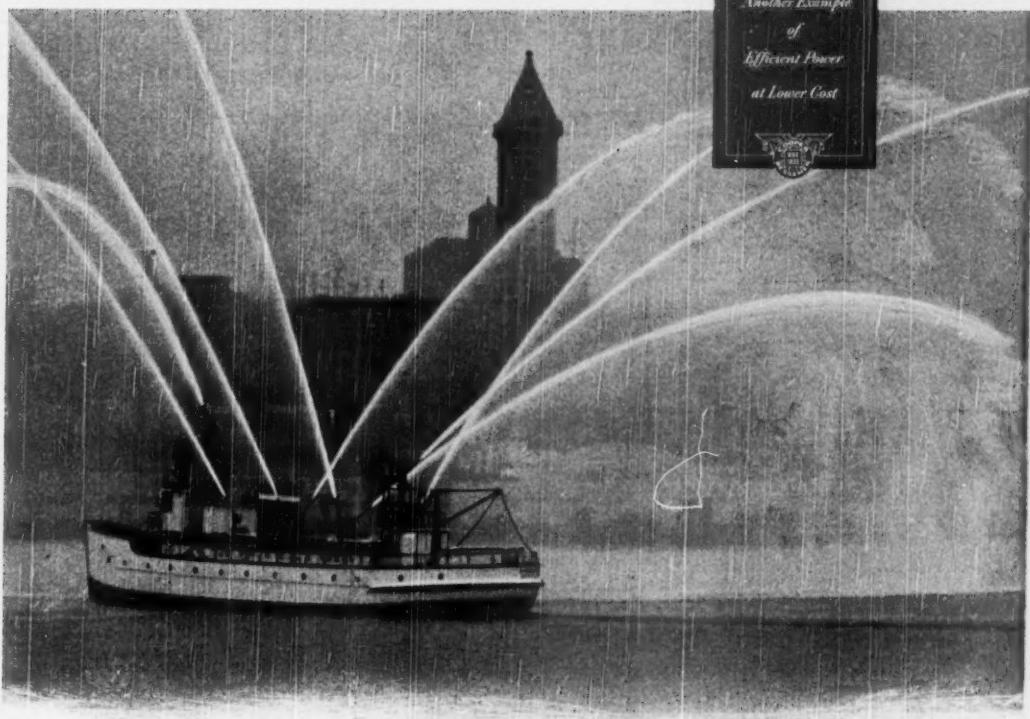


21-FT. LONG and peach-pink; Derham styled it from a Cadillac chassis for an Arabian sheik. The desert special took six months to build. The sheik died before he saw it.

place order for Derham. For this, the company mounts sheets of laminated Fiberglas in car walls, doors, and around the engine. Extra thick (1½ in.) laminated plate glass is fitted into specially widened frames. A metal screen protects the radiator. This method does not make a car bulletproof, but bullet resistant. It adds only 700 lb. of extra weight. The springs only have to be beefed up a little. If steel were used

for bulletproofing, the weight penalty would be about 15 tons, and all new springs would be needed.

• **Brother Business**—The company's president, James Derham, doubles as customer man. He has the knack, with an easy Irish manner, of catering to the whims of the well-heeled. Brother Enos, designer and production boss, turns these whims into high-fashion automobiles.



## Seattle's *Super Fire-Fighter* proves what modern power can do

MODERN power means much more than greater efficiency and economy. It generally means *more* power in less space—often a tremendous advantage.

For example, Seattle's fireboat, "Duwamish", shown above, is actually a remodeled, repowered 40-year-old vessel . . . now rated as the most powerful, most efficient fireboat in the world. Three modern supercharged Cooper-Bessemer diesels have replaced her original steam power. They give the "Duwamish" the extra power to throw 23,000 gallons of water a minute instead of 9,000 . . . and to speed to fires at a much faster clip.

In vessels of many types, in locomotives, in stationary applications of every description, you'll find modern Cooper-Bessemer engines saving space and money. And there are many recent Cooper-Bessemer engine developments, such as supercharged gas-diesels, Turbo-flow engines and supercharged gas engines, ready now

to cut space, fuel consumption and over-all power costs more than ever before!

If your plans call for heavy-duty power, why not find out about the new things being done by one of America's oldest engine builders?

*The*  
**Cooper-Bessemer**  
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"Yes! This paper makes any typing clearer, snappier and neater. And we can erase on it without a trace!"

Your typists will do better, neater, faster work on Hammermill Bond's firm, snow-white surface. Both the typing itself and your printed letterhead stand out with new clarity, new impressiveness.

When choosing business paper—on which your business runs—consult your printer. After all, you couldn't stay in business without him. He will tell you, as a paper expert, why so many thousands of progressive firms standardize on Hammermill Bond. Prove it yourself...

Send for the new FREE kit of Hammermill Bond...compare it with the paper you are now using. **SECRETARIES:** Hammermill will gladly send you this handsome "show-how" portfolio of printed letterhead specimens, also a sample book of Hammermill Bond. See for yourself, then see your boss. He'll appreciate it. Just send the coupon.



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If you need a printer who is ready and willing to supply your printing needs on Hammermill papers, call Western Union by number and ask "Operator 25" for the name of a member of the Hammermill Guild of Printers.

Hammermill Paper Company, 1455 East Lake Road, Erie, Pennsylvania.  
Please send me—FREE—the new Working Kit of Hammermill Bond.



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(Please attach to, or write on, your business letterhead)

BW-4-22

LOOK FOR THE WATERMARK

IT IS HAMMERMILL'S WORD OF HONOR TO THE PUBLIC

## PRODUCTION BRIEFS

Smaller rocket engines—with more power—are what GE is after at its Malta test station in Schenectady. It already has one engine 12 in. in diameter and 3 ft. long that produces 16,000 lb. of thrust.

Porcelain enamel coats on steel bearings will improve bearing performance at high temperatures and in liquids, according to Porcelain Enamel Institute.

**National Tube**, U. S. Steel's pipe-making subsidiary, is in production at a new mill at McKeesport, Pa. The plant is geared to an output of 100,000 tons a year with pipe sizes running up to 36 in. in diameter.

Cotton goods come clean and stay clean longer after dousings in a compound developed by the Institute of Textile Technology, Charlottesville, Va. The compound is a cellulose derivative called carboxymethyl.

An off-shore oil well, 25 mi. out in the Gulf of Mexico, was brought in by Magnolia Petroleum. The company drilled 10 dry holes and six gas wells before it struck oil.

**TV set output** will be tripled this year at Avco's Crosley Division.

The Navy's N-type blimp, the world's largest, says Goodyear Aircraft Corp.—will be cleared to take off in late September. Its job will be antisubmarine work.

Mothball plastics, the sprayed-on casting used to protect standby military equipment, have been marketed for civilian use. Now, R. M. Hollingshead Corp., the manufacturer, thinks the coating has applications in housing.

**Boat hulls** of aluminum alloys are being tried out by Alcoa. Advantages: light weight, corrosion resistance, good design possibilities.

**Aerial patrols** replace pipeline walkers along the transmission lines of Standard Oil Co. (N. J.). Spotters report line leaks to ground crew via radio.

**An electronic computer** at Bell Telephone Laboratories can correct its own mistakes. It not only records the slipup, but spots the location of the error.

**Du Pont** has a new series of compounds that is death on plant molds and fungus growths. They'll help against the annual \$1-billion crop loss caused by fungus.

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*For all the facts see Sweet's Architectural File or write  
for Mills Movable Metal Walls Catalog No. 50.*

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# NEW PRODUCTS



Three molding presses were designed especially to handle Plaskon Alkyd efficiently.

## New Plastic Breeds New Presses

New Plaskon molding material needs new molding machines to get the good out of it. Three manufacturers take the lead.

Plaskon Alkyd was too good. When the Plaskon Division of Libby-Owens-Ford Glass Co. brought out this new molding material (BW—Sep. 25 '48, p83), no available machine could handle it.

Conventional thermosetting molding materials generally aren't plastic enough at ordinary molding temperatures. They need high pressures and heavy equipment. But this new alkyd compound turns fluid at ordinary molding temperatures and flows under relatively light pressure.

Plaskon had to build its own molding machine to demonstrate the new product. The press they built was a simple one but had very fast hopper feeding attachments.

It didn't take long for the rest of the industry to realize the possibilities of the new material, and now three press manufacturers have come out with molding equipment literally made to order for Plaskon Alkyd:

(1) Minimatic molding press, built by Elmes Engineering Division, American Steel Foundries, Cincinnati, comes in five cylinder capacities, three for air operation and two for water-hydraulic service. All five cylinders are interchangeable. For insert molding, the

Minimatic has controls for automatic, continuous, or single-cycle operation.

(2) Hydroilic Multipress, made by Denison Engineering Co., Columbus, can be operated with manual single-cycle control for short production runs and laboratory tests. Its adjustable-fill tumbler feed can service two normal-size mold cavities in the machine. Where parts are small enough to mold four parts at a time, mold cavities are filled by a feed that can be mounted on each side of the press.

(3) Eight cavities at a time can be handled in a new press built by Baker Brothers, Inc., Toledo. This one features centralized controls—they are all mounted on a single panel box at the front of the machine.

## SIREN STOPS SMOG

Chalk up another industrial use for ultrasonics (BW—Nov. 19 '49, p74): smog dispersion around plants and factories.

Dr. E. A. Alexander, California Institute of Technology, has developed a high-frequency siren that shakes out smog particles suspended in the air. It is now being production-tested by G-B Brass & Aluminum Foundry, Inc., Los Angeles.

The siren mounts vertically inside a smoke stack. Sound waves coming from the siren are beamed upward toward the stack's opening. Pipes or plates inside the stack catch smog particles that have been precipitated by the sound waves.

Most ultrasonic dispersion setups have used high-intensity sound waves and comparatively low frequencies. But to get higher efficiency and lower operating costs, Dr. Alexander's unit generates high-frequency waves at lower power.

The siren measures 18 in. by 17 in., is powered by a 3.5 hp. electric motor. Air supplied to the siren can be as low as 5 p.s.i., a pressure that can be obtained from an inexpensive paint-spray compressor.

## YOUR NAME ON TAPE

Your company trademark or advertising message can be printed on gummed tape by an automatic printer distributed by Ad-O-Matic Sales Co. of N. Y., 436 W. 38th St., New York 18. The small printer unit is adaptable to most gummed-tape dispensers.

As the tape reels out of a dispenser, the attachment does the printing. Printing is done by a rubber stamp cylinder that rolls against the tape. The stamp picks up ink from a round mat that rolls against it.

Printed material comes out of the dispenser completely dry. The ink won't rub off, and it's moistureproof. Ad-O-Matic supplies inked mats in seven different colors.

The printer handles all the conventional widths of tape. To change widths of tape, you just have to change the stamping roll.

## ELECTRON 'SCOPE—CHEAP

The electron microscope has come down to the market place. The Scientific Instruments Section of Radio Corp. of America has developed a table-model job that's priced low enough (under \$6,000) to come within the means of most manufacturers, laboratories, and hospitals.

The unit magnifies up to 50,000 diameters by photographic enlargement, or 6,000 diameters by direct view.

The lower magnification range of the instrument overlaps that of conventional light or optical microscopes. That way, a researcher can progress by stages from the known to the unknown. After getting acquainted with a specimen through a conventional scope, an operator can pick up with the RCA unit for more detailed studies.

The controls are simple to operate. After about an hour's instruction, an average operator should be able to produce well-focused pictures.

## NEW PRODUCTS BRIEFS

A tile cement, made by Acorn Adhesives & Supply Co., 1011 W. 11th St., Los Angeles 15, goes on in a layer as thin as  $\frac{1}{8}$  in. to hold brick, tile, or wallboard. Acorn also has waterproof primer to treat the base for the tile.

A 0.28 oz. audio transformer is a development of United Transformer Co., 150 Varick St., New York 13. Five stock types cover input, interstage, output, and reactor applications.

A quick-drying lacquer that is supposed to cut finishing time by 40% is in production at United Lacquer Mfg. Corp., Linden, N. J. Products coated with the lacquer, which is synthetic, can be stacked and handled 15 min. after application.

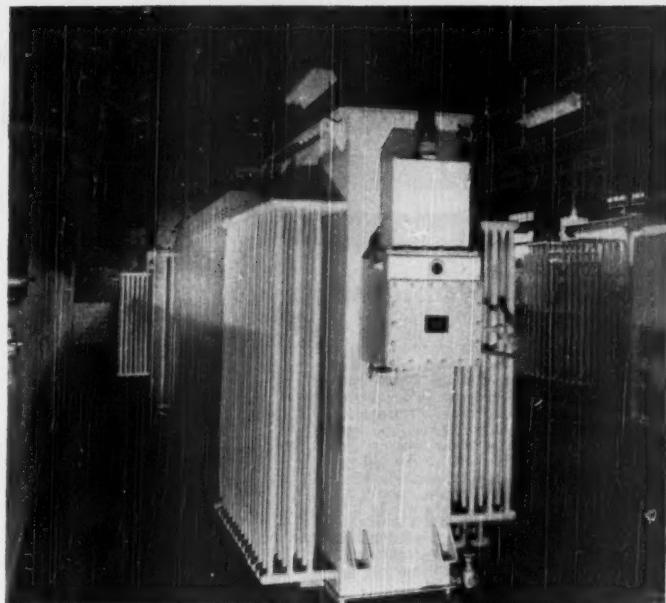
Carbon brushes for motors and generators are equipped with shunt wires that won't pull out. The wire stands up against heat and chemical action. The maker: United States Graphite Co., Saginaw, Mich.

Presto shields, made by Ace Specialty Mfg. Co., Inc., 6333 Cedar Ave., Minneapolis 19, Minn., eliminate dust-catching corners in halls and stairways. Jagged clamps lock the triangular pieces of flexible metal into corners.



### A Hat to Grow Under

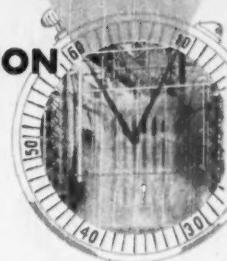
Young sprouts stand a better chance of growing up if they are protected by this plastic plant cover made of Monsanto Chemical Co.'s polystyrene. Also available: a miniature plastic greenhouse. You put it over an indoor plant or flower to decorate a window or table display.



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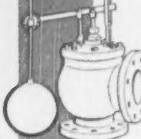


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## EXECUTIVE OPINION



Dr. Walter D. Woodward, of American Cyanamid, has important post because . . .

### Everybody Has Emotions

But most people are scared by them. They shouldn't be, says this psychiatrist. Healthy emotions make better employees.

Industry is coming more and more to recognize that mental health is as important as physical health to the efficiency and welfare of its employees. But so far, only a few companies in the U. S. have full-time psychiatrists on their medical staffs.

One of these is American Cyanamid Co. For two and a half years, Dr. Walter D. Woodward has been its full-time psychiatrist. Currently, he is also on the staff of both New York Hospital and the Cornell Medical School.

**BW:** Why does it pay a company to have a psychiatrist? Why don't you just fire people who don't work out well?

**WOODWARD:** It's the same thing as why does it pay a company to have a medical department. If you keep people well, they function on a higher level of efficiency, are not absent as much, are happier, and get along better with the other people with whom they work. Psychiatry in industry is one phase of a well-rounded medical program.

As for firing people and hiring replacements, remember that in addition to every company's obligation to provide security for its employees, each person employed represents a considerable financial investment. Con-

tinual hiring and firing would be uneconomical as well as poor employee relations.

**BW:** What area does an industrial psychiatrist operate in?

**WOODWARD:** Well, I think that the psychiatrist in industry primarily acts as a psychiatrist for a community—a community made up of the employees of whatever company he is consulting for. I view the job as one of mental hygiene, and, as I see it, there are three major phases of work in this field.

**BW:** What are they?

**WOODWARD:** First, the psychiatrist actually treats emotionally sick people.

Second, there is the educational program—discussion groups, either organ-

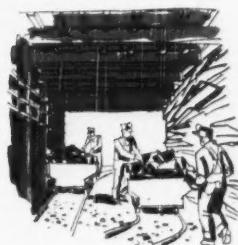
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ized or unorganized, which help prevent further illness. Many of the most profitable educational discourses are over the luncheon table, where you run into some people and talk about general problems.

Third, the people who work for the company who have been exposed to the educational program return to their own communities in the evening, and since most of them take part in community activities—PTA's, school boards, town council, and things like that—they help modify attitudes about psychiatry.

**BW:** Well, what is psychiatry anyhow? How would you distinguish it from psychology?

**WOODWARD:** Psychiatry is a medical specialty which concerns itself primarily with the emotional aspects of the human personality. A psychiatrist is a physician who has had his training in medicine—generally graduate training in medicine—and then specializes in the effects of the emotions on the total personality.

Psychology, on the other hand, is generally considered to be the science in which mental and intellectual functions are measured.

**BW:** How do emotional upsets arise in people? Is it the strain of their environment?

**WOODWARD:** The environment may be a trigger mechanism. But most often the emotional upheaval is the result of the individual being unable to feel he is functioning as well as he thinks he should be functioning. In a very general way, one might say that an emotional illness is the result of too wide a discrepancy between a man's concept of what he is and a man's concept of what he should be. Neither of these concepts has much of a base in reality. But they are there.

**BW:** In other words, if a man were just lounging at the seashore he might not be as upset as if he were working in a busy office.

**WOODWARD:** I don't think that holds. The man who is lounging at the seashore may have a concept of himself that is far more productive than that, and he would get bored, dissatisfied with himself. I think that most people need very much to feel at the end of the day that they have justified their existence, and just the vacuum of not accomplishing anything is frequently a very harmful thing.

**BW:** What is the most common symptom of emotional sickness?

**WOODWARD:** I think that the largest number of people would have somatic [physical] complaints when they came in to see you. They would have pains and fears about their bodies. That is one of the most common symptoms, but as far as being the root of the illness, it isn't.



"[We] get people to realize . . . everyone can be tripped up by emotional problems."

**BW:** What would the next most common symptom be?

**WOODWARD:** Anxiety and feelings of tension and panic, and depression.

**BW:** How is somebody who is too emotionally upset to do his job right spotted? Does the boss send him up?

**WOODWARD:** Well, I don't think many people would profit by their boss just saying, "You go see a psychiatrist." They would be resentful about it and would feel they were being marked as crazy.

**BW:** Under ideal circumstances, how would the psychiatrist be put in touch with the employee who needed aid?

**WOODWARD:** Well, there is the problem of having the psychiatrist readily available, and having the psychiatrist well enough known and accepted in the community of the company so that people think of using him. They will refer themselves. That is the ideal way. I get most of my patients through self-referral. It wasn't always like that. When I first came here, practically all my referrals came through the medical department . . .

**BW:** All right, I've been to the medical department, and now I come to you, and what do you do to me?

**WOODWARD:** We first talk about your symptoms, and try to find out how you are uncomfortable and why you are uncomfortable.

Do you have shaking spells?

Does your heart beat so fast that you are afraid something is wrong with it?

Do you have so much tension that you can't concentrate?

Or are you sleeping poorly?

Or has your appetite fallen off?

Is there an increased irritability in your contacts with people?

These may be the symptoms which we uncover. Then, having determined

the symptoms, we try to get a history of when they came on, what the situation was, what stresses had been created at that time.

**BW:** So the treatment consists of the patient's seeing how his emotional upsets are created, and, by recognizing the situation, doing away with them or avoiding them?

**WOODWARD:** Not just the recognition. Frequently, it is necessary to go back into attitudes and reactions which were formed quite early in life. And as those things are worked out with the psychiatrist—as the patient is able to ventilate his feelings about things—he may find his attitude changes quite a bit, so that what has been a problem no longer represents so much of a threat.

**BW:** You show him, in other words, how to make better compromises with himself and with reality.

**WOODWARD:** What I try to do is lead him to discover himself how to make better compromises. The psychiatrist doesn't tell people what to do. He doesn't say, "Now you follow these three little rules, and everything will be jake." The thing that we try to work for ideally is the situation in which the individual becomes emotionally secure enough to solve his problems now, and later be able to solve new problems as they come up.

**BW:** Well, isn't it true that to really get at the factors which upset people emotionally is a long and tedious process? The press and movies report sessions of up to two or three years in Park Ave. at who knows how much per session. How do you have time to do it with so many people in the company—even assuming that the vast majority of them will never need it?

**WOODWARD:** Most people who are sick enough to seek private psychiatric aid have been sick for a long time. Treatment is a long-term problem. But in an industrial situation, if a psychiatrist is readily available and trust has been built up in him, he sees people long before they get to a serious stage.

**BW:** Are the special strains of being an executive in a large corporation more apt to trigger off emotional upset . . .

**WOODWARD:** . . . Do you mean is there a higher incidence of emotional illness at the executive level? There isn't.

**BW:** There isn't?

**WOODWARD:** The incidence of emotional illness is just about the same in every walk of human endeavor.

**BW:** If you were setting up a psychiatric clinic in a hypothetical plant, would you have it just for the executives, or would you have it for the whole plant?

**WOODWARD:** That would have to be decided on the basis of what the

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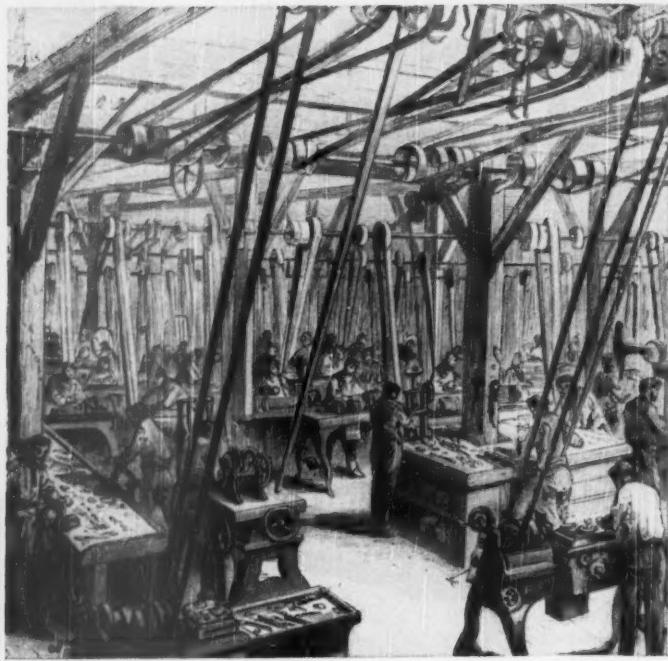
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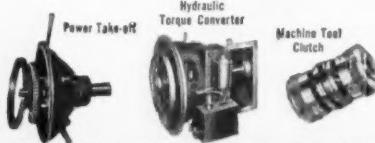
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SPECIALISTS IN INDUSTRIAL CLUTCHES SINCE 1918



"As the patient is able to ventilate his feelings . . . he may find his attitude changes."

company wanted. If the company wanted something that was just for the executives, of course that's the way it could be set up. But I think it would be a very short-sighted policy. A medical department should be allowed the freedom of being neutral so that it is not involved in management or labor problems. It should operate just as the doctor does in private practice: that a patient is a patient no matter from what level he comes. And he should get the same treatment no matter who he is.

**BW:** And what about the small companies?

**WOODWARD:** I think a smaller plant could retain a psychiatrist on a part-time basis. But it should be a regular part-time basis even though there aren't always patients. You have to have the psychiatrist around regularly so that he gets to be known as a guy who comes around, who has helped people, and who is glad to help people.

**BW:** Do you think management seems to be more aware of emotional problems than it used to be?

**WOODWARD:** Why I think management is aware of the individual employee and his emotional reactions far more than ever before. That's been gradually increasing over the past 20 years.

**BW:** Has there been a noticeable lessening of hostility toward psychiatrists in industry?

**WOODWARD:** Yes. Very decidedly. Most of the hostility toward psychiatry is just the fear that people have about emotions. I mean that most people are brought up—you and I and everybody else—to believe that emotions are a sign of weakness. The first step is to get people to realize that everybody has emotions, and everybody can be tripped up by emotional problems.

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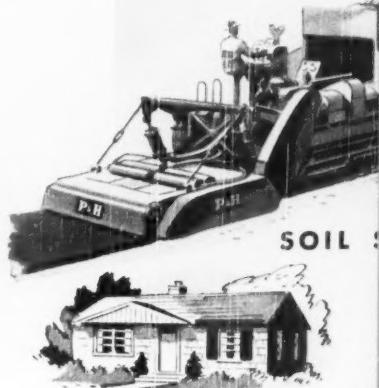
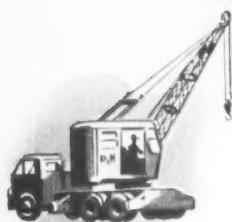
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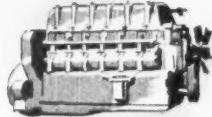
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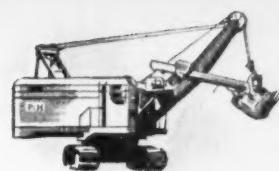
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DAVID HOLMES HARRY HOLMES

For Christmas alone, Harry and David handle over half-a-million shipments from their Medford, Oregon, plant. Throughout the year they ship close to one million gift packages. "This takes a whale of a lot of hauling," says Harry, "and that's why we appreciate the reliability and economy we get from all of our Ford Trucks."

**Smart move!**

## Ford Truck economy cuts hauling costs 14%!

"We keep an eagle eye on truck costs, and our records show us that Ford Trucks have cut them as much as 14% per package delivered," says Harry Holmes.

"That means we put less into Ford Trucks in the way of expenses for gas, oil and repairs. And we get more work out of them because of their power and because we don't have to be too careful about loading them with a little extra."

**HERE'S WHY AMERICA'S NO. 1 TRUCK VALUE WILL DO MORE FOR YOUR DOLLAR!**



**SAVE GAS.** Ford Loadomatic ignition regulates spark, keeps it right for both engine speed and load.



**SAVE OIL.** Ford aluminum alloy pistons are cam-ground for oil-saving fit at operating temperatures.

**SAVE MONEY.** Choose from two V-8 and two 6-cylinder engines. Over 175 models up to 145-h.p. Big Jobs—Double Channel frame for big load capacity—Engine-top setting of accessories for easier maintenance—Bonus-Built reserves of strength and power for long life.



**TRUCK-OF-THE-MONTH** at orchard spraying time is this rugged Ford Model F-1 Stake. Hardwood platform floor is steel-framed. Stakes are removable. Load length is 80 in., width 67 in. Cab has

adjustable lounge-type seat, Air Wing ventilators in door glass. Rear axle is low-slung hypoid type. Four shock absorbers are standard. Engine: 100-h.p. V-8. (95 h.p. Six also available.)

**Ford Trucks Cost Less Because—**



# FORD TRUCKS LAST LONGER

Using latest registration data on 6,106,000 trucks, life insurance experts prove Ford Trucks last longer!

# MARKETING

## Early Key Decisions

Date Company Sued  
1927... Eastman Kodak Co.

1931... Paterson Parchment Paper Co., West Carrollton Parchment Co.

Company Suing	Award
Southern Photo Materials Co. ....	\$23,742
Story Parchment Co....	195,000

## As Time Goes By, Damages Mount

1945... Elizabeth Arden  
1946... RKO, other movie makers  
1946... Loew's, other movie makers  
1949... American Can Co.  
1949... American Can Co.  
1950... 20th Century-Fox, other movie makers

Company	Award
Gus Blass Co. ....	3,030
Jackson Park Theatre....	360,000
Wm. Goldman Theatres	375,000
Bruce's Juices .....	180,000
Russellville Canning Co.	375,000
Towne Theatre .....	1,296,000

## Sky's the Limit for New Cases

1949... Jessie Ball du Pont, du Pont Fla. interests  
1950... Airlines, Air Transport Assn.

Company	Damages Asked
The Crummer Co., R. E.	
Crummer & Co....	10,000,000
Slick Airways .....	10,000,000

## Triple Damage—It's Murder

If you're on shaky antitrust ground, look out. Court rulings have opened gates to a stream of triple-damage judgments in private suits. It will probably swell to a deluge.

Take a look at the table above. It shows what private antitrust suits can cost—and why big companies are getting wary.

• **Haunted House**—This week, the specter of triple damages hovered uncomfortably close to the nation's airlines. In a suit against American, United, and TWA, Slick Airways had charged that the three had ganged up with the Air Transport Assn. to run Slick out of business (BW-Apr. 8'50, p25). Damage already done and damage to its future prospects, says Slick, adds up to \$10-million. Triple damages, if Slick proves its case, could run as high as \$30-million.

Slick could take encouragement from another court action this week. A federal judge in Chicago awarded the Towne Theatre of Milwaukee \$1,295,878 for damages allegedly suffered at the hands of eight movie companies. Towne claimed the eight hadn't released pictures to it promptly enough.

Throughout the country, distributors and customers are rising to the same

lure of triple recovery—not just payment for the damages they have suffered, but cash for three times the value of the hurt. Manufacturers, too, who have been scratched up in competition have turned to the triple balm to soothe their wounds.

• **Change of Pitch**—Until four years ago, relatively few triple-damage suits were successful. The stumbling block was this: Sooner or later, the court would ask a company how it could prove its business mightn't have gone to pot for normal reasons—regardless of antitrust violations. Faced with that challenge, many company lawyers packed their briefcases and went home.

But in February, 1946, the U.S. Supreme Court broke the log-jam of logic. In the "Bigelow" case (Jackson Park Theatre), the court decided that a straight comparison of the earnings of the Jackson Park with the earnings of a comparable and competing theater favored by the movie producers was enough to prove damages.

The court's language in this decision



## TRY A *Milprint* PACKAGE

Your products catching dust instead of customers? Our creative designers and merchandising men know how to build in greater "shelf velocity" that make your packages sell faster.

Call your local Milprint man—or write. Find out for yourself why so many famous brands are marketed in Milprint packages.



**Milprint** INC.  
PACKAGING MATERIALS  
LITHOGRAPHY & PRINTING

General Offices Milwaukee, Wis. • Sales Offices in All Principal Cities  
Printed Cellophane, Plastic, Acetate, Glassine, Plastic Films, Foils,  
Folding Cartons, Lithographed Displays, Printed Promotional Material.



**WHICH ONE WILL YOU TRY IN YOUR OFFICE?**

You'll never know what a Sturgis posture chair can do for your health, well-being and job performance till you try one. So call your Sturgis dealer\* and tell him which of these two luxurious executive chairs you'd like to try. No obligation naturally.

**NO. 1805  
SENIOR SPRINGREST  
with adjustable  
Spring-Tension Back**

**NO. 1800  
SENIOR EXECUTIVE  
Conventional Type;  
Seat and Back Tilt  
Together**

\*We'll send you his name if you don't know it.  
We'll also send you a stimulating booklet,  
"The High Cost of Sitting".

**THE Sturgis POSTURE CHAIR CO.  
STURGIS, MICHIGAN**

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OFFICE DICTATION METHOD**

The **PEIRCE**  
Dictation System

Here's unparalleled new efficiency at sharply reduced cost! The Peirce means effortless dictation for you—a new high in transcriptions per hour—a new low in expensive retyping of letters. The Peirce cuts your costs even further by completely doing away with belts, discs, cylinders. Install the Peirce—save the difference—enjoy the difference.

Peirce Wire Recorder Corp.  
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Company \_\_\_\_\_

Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_

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**MAIL THIS COUPON TODAY**

paved the way for the flood of suits that followed. The court said it was proper to fix a figure for damages based on the decline in profits and net receipts—if you couldn't attribute this decline to managerial or other causes.

• **Wider Door**—The next decision to open the door wider was one that was "lost" in the Supreme Court. Bruce's Juices, a Florida canner, went to court so that it wouldn't have to pay off some \$100,000 it owed American Can. Its case: American had charged it discriminatory prices for years, in violation of the Robinson-Patman act.

The Supreme Court ruled against Bruce's Juices, which had argued that it was almost impossible to prove damages under existing law. The court said this wasn't so—and spelled out how you go about it. Just prove that your supplier's price was illegal under Robinson-Patman. Then, said the court, you have been damaged "at least in the amount of that discrimination."

Backed by this interpretation, Bruce's Juices last fall won a \$180,000 verdict.

In another case, Russellville (Ark.) Canning Co. won a judgment totaling \$375,000 against American Can. The award was based on price discrimination that favored Russellville's competitors.

• **Strange Land**—Triple-damage suits are still a strange land to most lawyers and businessmen. Nevertheless, the basis for such suits goes back beyond the turn of the century. The Sherman act, and later the Clayton and Robinson-Patman acts all authorized a company to go into court if it suffered from another's violation of the laws. When a court decided on the amount of damage, the laws required an award three times as great.

• **Slim Chances**—When the Sherman act was passed back in 1890, its triple-damage provision was supposed to make the law self-enforcing. But, as it turned out, the little company didn't win any cases.

So, when the Clayton act was passed in 1914, Congress tried to help the small man out. One provision made the verdict in a government antitrust case usable as *prima facie* evidence in a private suit for damages.

• **Easy Pickings**—Despite the court interpretations that have made triple-damage suits so much easier to win, Congress may open the gates even wider.

Next month, Rep. Emanuel Celler's antimonopoly committee will hold hearings on triple-damage amendments. Two of them would (1) authorize the government to sue for damages (but not triple damages); and (2) make a government antitrust verdict "conclusive" proof—not just *prima facie* evidence—of antitrust violation in any private triple-damage suit.

# PIPE DREAMS COME TRUE

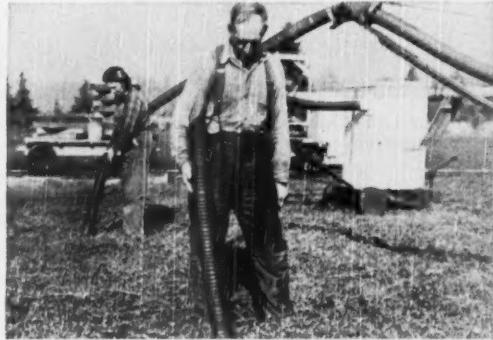
**U. S. Rubber Company experts solve any rubber pipe or  
hose problem...no matter how unusual or difficult**



**LAYING DOWN ON THE JOB!** It takes only 25 seconds for the helicopter to lay this 400-foot pipe line. The hose, developed by United States Rubber Company, is folded into a special container and released at the press of a button. Its civilian and military uses are almost infinite.



**FISHY SUCCESS STORY.** The 500,000 fish in this boat were unloaded in less than an hour by a special 12-inch vacuum hose compounded by U. S. Rubber. The hose sucks the fish out of the boat, sends them speeding to a storage bin 1500 feet away.



**EASY PICKINGS!** This vacuum cranberry picker works with great speed, never gets tired. U. S. Rubber made the special hose, aided cranberry growers in developing the machine, thereby increasing the yield.

You'd be surprised to find how many different things rubber hose can do...things it never had been called upon to do before. Come to the foremost authorities in the field, U. S. Rubber, when you have any question that hose may solve. They know about techniques and new methods which may materially lower your operating costs. Write:

A PRODUCT OF  
**U.S.RUBBER**  
SERVING THROUGH SCIENCE

**UNITED STATES RUBBER COMPANY**  
MECHANICAL GOODS DIVISION, ROCKEFELLER CENTER, NEW YORK 20, N. Y.



**STRETCH AND STYLE** are both important in a swimsuit. It's up to Mayer Munroe, Jantzen's design director, to develop new fabrics, sign up top suit designers.

## Swimsuits: Just Like Ice and Coal

It's the iceman's old problem: He needs a coal business to live on in the winter. Bathing suits sell as fast as ice does in the summer, but a swimsuit manufacturer with nothing else to make can starve in the off season.

That's what Jantzen Knitting Mills realized long ago; it has diversified widely, is making many other lines of wearing apparel. It isn't through yet. This week, the company began offering stores in selected areas a new line of brassieres for test marketing. In August, it will begin advertising them on a national scale.

• **Changes**—It was back in 1938 that Jantzen decided the seasonal factor in swimsuits was getting too rough. Sales were in the doldrums. They amounted to \$2.8-million in 1938, with a scant

profit of \$9,235. In earlier years, sales had been as high as \$4.7-million, with profits of nearly \$700,000.

Jantzen decided that it was time to diversify its line. It wanted to add new and related products that would both build up the sales total, and level off the seasonal peaks and valleys that kept overhead high.

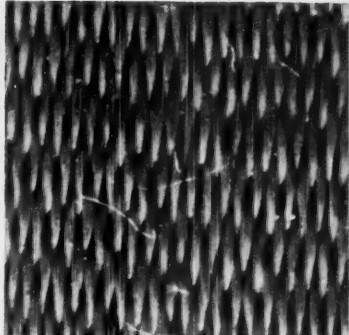
• **Sweaters**—The company's first move was to get back into the sweater business. It had made sweaters before, but had dropped them in 1926 to concentrate on swimwear. A sweater line, the company reasoned, would solve a couple of problems. For one thing, you could knit sweaters on the same machinery used for swimsuits. For another, sweaters had a seasonal sales pattern that peaked in the winter, when swimsuit

sales were dead. You could keep both your factories and your salesmen moving, Jantzen decided, if you carried these two lines.

The following year, Jantzen diversified even further. It went into sun clothes (which had the same seasonal pattern as bathing suits) and foundation garments (which have a steady year-round sale).

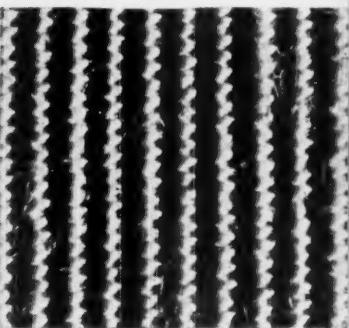
• **Other Lines**—From then on, Jantzen was a firm believer in diversification for its own sake. It added other related lines—sun oil, sun lotion, bathing caps. This year, it has just begun merchandising a new line of beach sandals called "Jandals."

"We diversified," says Mitchell Heinemann, vice-president in charge of sales, "because we had a good name



NYLON SATIN, in the \$14.95 suit at the left is composed of nylon, acetate, and Laton. Photomicrograph shows the long stitches Jantzen used in trying to simulate a sheet of glass.

NYLON TAFFETA, used in the \$15.95 suit at the right, has a short, ridgy weave. Jantzen's object in creating this nylon-Laton fabric was to produce a dull surface.



PHOTOMICROGRAPHS show kinds of fabric it takes to make suits like these.

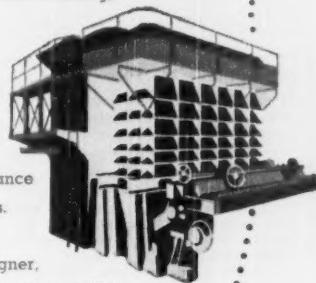
# PUT A BETTER HEAD ON PROFITS

... or how to improve flow characteristics  
in stock handling equipment



Recently, a leading paper company modernized head-box construction to provide smoother flow, reduction of sliming and resistance to corrosion. The new welded stainless-clad steel equipment was fabricated in 3 sections to permit future adjustment to anticipated changes in production. Substantial reductions were realized in amortization charges and in shutdowns for cleaning, maintenance and repair. Production jumped and a better, more scaleable product was obtained.

Such strides in processing equipment in the last two decades have resulted in increased efficiency ... lower maintenance and operating costs ... improved products. Many of these equipment improvements result from co-operative effort of the designer, engineer, fabricator, and materials supplier. We call this Lukenomics. Such an approach is at your disposal to help solve today's critical problem — widening the margin between your costs and selling price.



To obtain the advantages of equipment built by fabricators applying the Lukenomics principle, write our Manager of Marketing Service, Lukens Steel Company, 483 Lukens Building, Coatesville, Pennsylvania.



*A famous paper toweling flows from the above head-box, well-constructed of Lukens Type 304 Stainless-Clad Steel to provide, at low cost, a smooth, non-sliming surface with maximum resistance to corrosive attack.*



BETTER PRODUCTS FOR BETTER EQUIPMENT



INSIDE OUT, this swimsuit shows Jantzen's new 1950 trick—a boned bra for strapless suits.

that could be used to sell other related items. But those items had to be good; for example, they had to have special patented features that you couldn't get in other merchandise."

The job of distributing Jantzen's products has been divided up between two sales divisions. One specializes in outerwear—sun clothes, swimsuits, and sweaters—and the other handles the specialty items like sun oil, swim caps, and beach sandals. The outerwear salesmen call mainly on department stores and specialty stores. The specialty division concentrates on the drug trade.

• Sales Up—Jantzen's sales have climbed just the way the company's management hoped they would. Last year, they ran their total up to \$17.6-million, for a net profit of \$932,266 after deductions.

Diversification is a nice idea, but you must back it up with other things to make it work. For Jantzen, the two

**TOO MANY COOKS  
WERE SPOILING THE BROTH**

# **SO G.P.+F. MADE A FOOLPROOF "COUNTER KITCHEN" FOR**

**CAMPBELL'S SOUPS!**



• On this job, we started from scratch. Design, engineering, fabrication, wiring, and finishing were G. P. & F., start to finish.

That's one way we work. Or, we can handle any single step in your production plan. Or, again, we can fabricate any component part for your assembly. We're working for many industries, all three ways, every day. Our metals are aluminum and sheet steel. Whenever they are factors we can do for you what we are doing for others.

#### **Add These Departments to YOUR Plant**

If you have products to develop, parts to be made, or bottlenecks to break, call confidently on G. P. & F. Our facilities, ready for application to your needs, include:

**DESIGNING**      **TINNING**  
**ENGINEERING**      **GALVANIZING**  
**STAMPING**      **LEAD COATING**  
**DRAWING**      **WELDING**  
**FORMING**      **SPRAY FINISHING**  
**VITREOUS ENAMELING**

We will originate and work independently, follow your blueprints and specifications, or plan hand-in-hand with your own specialists, as you prefer.

For consultation, write or wire:



**GEUDER, PAESCHKE & FREY CO.**  
1530 W. St. Paul Ave., Milwaukee 3, Wis.



DIVERSIFICATION has Jantzen carrying all these lines in addition to the knitted swimsuits on which it built its name. Clockwise (starting with the bottle in the model's hand), they are: Jan Sun Oil, 25¢; a two-piece cotton T-shirt and jacket combination for men, \$10; Bermuda-length denim shorts for men, \$3.95; men's cotton

T-shirt, \$3.95; women's linen shorts, \$5.95;

women's cotton bra, shorts, and jacket, \$13.90; girdle manufactured with nylon leno and nylon marquisette, \$5; rubber bathing cap, \$1; Jandal bathing sandals, \$1.49; Jan Sun Lotion, 29¢ and 90¢. In the center is a Nylo-Fleece sweater made of nylon and wool, \$7.95.

most important are research and promotion.

• Research—Under the heading of research, Jantzen includes its pilot knitting plant. Here, it experiments constantly to produce new and different types of fabrics. Turning out a new fabric sometimes means developing a new piece of machinery or altering an old machine.

For Jantzen, that's an old story. Its swimsuit reputation grew out of a mechanical adaptation of existing knitting machinery which cofounder Carl Jantzen made back in 1917. Carl Jantzen perfected a "spring-needle stitch" which not only had elasticity out of water, but didn't collapse when it got wet. The company, which had been founded as the Portland Knitting Co. in 1910, assumed its present title in recognition of Jantzen's invention.

• Promotion—Advertising and promotion get a bigger push from Jantzen every year. In the early days, Jantzen's outdoor advertising program consisted of one thing. It lined up a dozen bathing beauties at various seashore resorts. Lettering on the bibs of their comely one-piece black bathing suits spelled out the electrifying legend, "Jantzen Girls."

This year, Jantzen is centering its advertising efforts on national magazines.

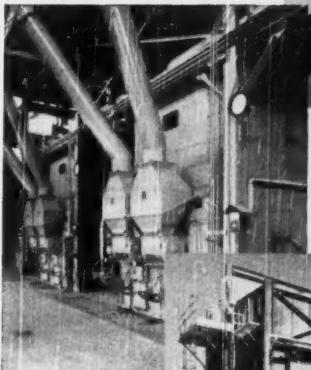
Backing it up will be outdoor billboards and cooperative newspaper advertising with department stores. And by summertime, Jantzen will be on television in 10 cities.

#### **GE "FRUSTRATES" MACY'S**

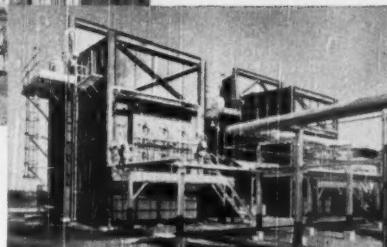
Below 96th Street in Manhattan, said Kenneth M. Spence, attorney for R. H. Macy & Co., 77% of the stores have been selling General Electric appliances at cut prices. Spence was speaking at the injunction proceedings brought by GE against Macy, Bloomingdale Bros., and Abraham & Straus, all big metropolitan department stores. Supreme Court Justice Benjamin Schreiber reserved decision.

Over the past three years, Spence said, GE has attempted to "dispose of the maximum possible amount of GE electrical appliances in the New York market by permitting them to be sold by the 'discount houses' at a substantial discount from the GE fair trade price."

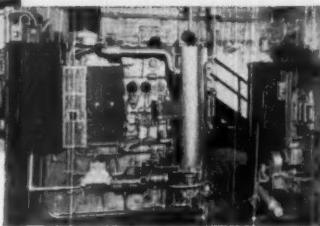
After three years of "frustrating experience with GE," said Spence, Macy undertook an expensive shopping campaign to establish "proof on which to assert the right to fair and equal competition in the sale of GE appliances in this area."



Installation for small plants . . . pressure up to 150 psi . . . capacity to 12,000 lbs. of steam per hr . . . adaptable to any fuel.



Installation for medium and smaller plants . . . pressure to 475 psi . . . capacity to 60,000 lbs. of steam per hr . . . suitable for any type of fuel.



Installation for larger plants . . . pressure to 1000 psi . . . temperature to 900 F . . . capacity to 350,000 lbs. per hr . . . any fuel or type of firing . . . indoor or outdoor type construction.

Sometime this year, or perhaps next, your company may decide to buy new boilers . . . to replace obsolete units . . . to meet increasing steam demands . . . or for a new plant. Whatever the time or circumstances, here's something it will pay you to remember. The operating cost of a boiler is a far more important consideration than its first cost. Why? Because the *annual* cost of fuel *alone* for the average boiler installation usually equals or exceeds the purchase price. And the normal life of a boiler should be 20 to 30 years, or longer.

Obviously, then, the operating economies accruing from better design, construction or application, will quickly offset the difference between the cheapest boiler you can buy and the best the market affords. Here is one case where the old adage "the best is the cheapest" really applies.

In addition to having installed thousands of industrial boilers . . . in every size category from less than 100 horsepower up . . . Combustion has designed and built many of the country's largest utility power station boilers. And it is in this field — the manufacturing of power on a large scale — that boiler design and construction are evaluated most critically and exhaustively.

The fact that C-E Boilers have been selected to meet the exacting performance standards of so many of the nation's largest utility power stations is evidence of the quality of design and construction you can expect to find in any boiler, large or small, that bears the Combustion nameplate.

Our recommendations as to the most suitable type of boiler and firing equipment for the *specific requirements* of your next installation are available to you and your consultants without obligation.

B-383

Installation for special conditions including very limited space . . . quick steaming (full capacity in 3 min.) . . . fully automatic operation . . . capacity of 6000 lbs. of steam per hr . . . pressure to 300 psi. Ideal for intermittent load.



**COMBUSTION ENGINEERING—  
SUPERHEATER, INC.**

200 Madison Avenue • New York 16, N. Y.

ALL TYPES OF STEAM GENERATING, FUEL BURNING AND RELATED EQUIPMENT

**"LIKE OSHKOSH  
B'GOSH..."**



### **...Let's Make Sure Our Farm Advertising Sells for Our Dealers!"**

There's one sure way to *deliver* customers to *your* dealers. That's to *list* them—as Oshkosh B'Gosh, famous makers of overalls and work clothes, listed their 1528 midwest dealers (state by state) in page advertisements in the five *local* Midwest Unit Farm papers. Oshkosh dealers tied-in with window and store displays. Result: Big sales volume—and pleased dealers, in every locality.

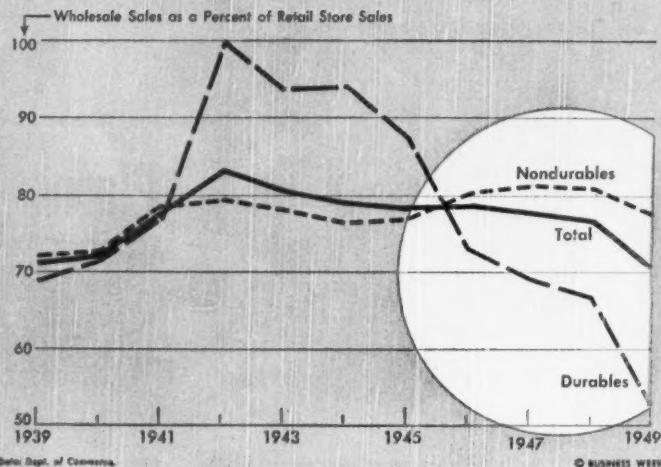
### **Your Best Sales Angle is the "LOCAL ANGLE!"**

Midwest farmers prefer their own local farm paper—which talks their language, knows their local interests and problems. You, too, can talk to farmers at their local level when you advertise in Unit papers. Buy the *Unit* and save up to 15%. One order—one plate.

## **MIDWEST Farm Paper UNIT**

WISCONSIN AGRICULTURIST & FARMER  
THE FARMER  
WALLACE'S FARMER & IOWA HOMESTEAD  
PRAIRIE FARMER • NEBRASKA FARMER  
Midwest Offices at 250 Park Ave., New York  
• 37 W. Madison Street, Chicago • 423 S. W.  
Center Building, Detroit • Russ Building, San  
Francisco • 1324 Wilshire Blvd., Los Angeles

### **The Big Shrink Independent Wholesalers of Durables Get a Smaller Market Share**



© BUSINESS WEEK

## **Wholesalers Had It, Lost It**

The war gave independents a big share of the market, but now their cut is less than prewar. Manufacturers are selling more goods than ever direct. Pattern of the 30's starting again?

Trouble with being an independent wholesaler is that somebody is always trying to eliminate you.

If it isn't a college professor who thinks too many middlemen add too much to costs, it's a manufacturer who wants to distribute his own goods and save the wholesaler's cut. Mail-order and big retail chains, too, usually do their own wholesaling.

In the decade before the war, independent wholesalers were really under fire. Then came the war, and manufacturers fell in love with the independent wholesaler all over again. It was he who took over the headache of allocating scarce goods. And he provided the manpower the manufacturer could not spare.

But now it looks as though the historical squeeze on the independent wholesaler has started again.

• **Good Business**—So far, the pressure is mild. Independent wholesalers have continued to do a very good business since the war. Between 1939 and 1949, their total dollar volume zoomed from about \$30-billion to something more than \$90-billion. That was enough—almost—to keep pace with the phenomenal expansion of distribution generally. You can take the increase in total retail sales (from \$42-billion in

1939 to \$128-billion last year) as a measure of that.

But the point is that the wholesalers' performance wasn't quite enough.

As the chart above shows, the independent wholesaler's volume, measured as a percentage of all retail sales, has been slipping. The Dept. of Commerce says the ratio was 70.2% in 1949—a small, though perceptible, drop from the 1935-39 average of 73%.

• **Confirmation**—Last week, early returns from the latest Census of Business seemed to confirm this. In the 10 states for which figures have been compiled so far, Census finds that the sales of independent wholesalers increased 3.3 times in the 1939-47 period. Sales of manufacturers' branches, however, were up slightly more—3.7 times.

Employment in the manufacturers' branches also was up more than in the independents. Although these early returns are mainly from agricultural states, the experts are pretty sure that the ratio will hold up for the country as a whole.

• **Durable Boom**—One big reason for the statistical decline in the independent wholesaler's position is the kind of boom the country is in. It's the durable goods that are getting the big play now. And the manufacturer

of durables very often serves as his own middleman. That's particularly true for machinery, heavy hardware and plumbing, heating equipment, and electrical goods.

An outstanding case in point is autos. Today, almost all new cars are funneled to dealers through manufacturer-owned channels. Thus, cars alone would account for a big part of the decline in the independent wholesalers' share.

There is some counterbalance to this, of course. Postwar capital expansion and refurbishing of plants have helped the industrial distributors. But industrial distributors are a pretty specialized group, hard to chart.

• **Spotty Picture**—Looking about for changes in specific fields, you're apt to find the picture spotty. Both manufacturers' branches and independent wholesalers can claim victories.

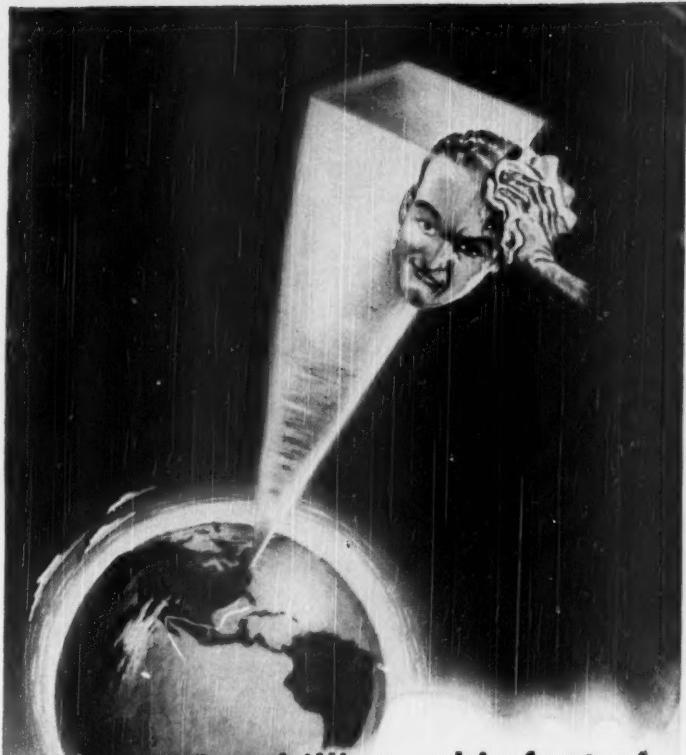
On the one hand, you have General Electric's postwar move to distribute all its major appliances through wholly owned branches. Westinghouse, too, recently put distribution of its consumer goods under closer factory control (BW-Mar.25'50,p60). Against that, you have S. C. Johnson & Son (wax polishes) going in just the other direction by selling a greater quantity of its goods through independent wholesalers.

• **Food**—In the food field, you find another mixed picture. Trade observers say that there has been a postwar trend for manufacturers to give up direct-branch operations and turn to independent food wholesalers. They cite, as one example, Clinton Foods, which only recently has decided to put the distribution of its Snow Crop line of frozen foods and citrus juices back into the hands of independents (BW-Dec.3 '49,p72).

No across-the-board generalization about why manufacturers do or don't use independent wholesalers will stand up right now. It depends on the type of product, the age of the product, the competitive situation. You have to take a separate look at each field.

The U.S. Wholesale Grocers Assn., however, is vocal about one trend it doesn't like. It complains about the increasing number of manufacturers who bypass their wholesalers and sell direct to favored retailers. Let manufacturers go into direct wholesaling if they want to, says the association. But it objects to their "skimming the cream" off the wholesalers' business.

• **Chains and Mail-Order**—At least the independents can console themselves with one bright spot: At the moment, there seems to be no further threat from the big mail-order houses or retail chains. These two made dents in the independents' business a couple of decades ago. But now it looks as if



**One billion cubic feet of  
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Imagine a column of air one foot square reaching far into space, 5/6ths of the mean distance to the moon . . . air conditioned comfort for more than half the population of New York City!

These are conservative estimates of the output of Baker Compressors produced since 1905. But the real story of Baker is the story of a new era, starting with the manufacture of ice 45 years ago. Baker compressors and other equipment soon gained a world-wide reputation for quality. As commercial refrigeration progressed through cold storage, pre-cooling, air conditioning and quick-freezing, Baker engineering and equipment repeatedly

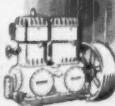
played a vital part in pioneering "the biggest — the most advanced" installations.

Today Baker can look back on the outstanding accomplishments of almost half a century. But more important to you, Baker looks forward to greater strides in commercial refrigeration and air conditioning . . . well-qualified to serve your needs today — and tomorrow.

The record of present-day installations, where Baker equipment is serving America with air conditioned comfort, is presented in a folder we'd like to send you, free. You will recognize many of these places as Landmarks in dependable air conditioning. Please address

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MOCKING BIRDS

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FOR THE *Southwest*

Successful industrial construction in the Southwest calls for a loyal organization plus Southwest experience that can cope with a multitude of unique problems: soil, climate, terrain.

Over a period of thirty years, Brown & Root, Inc., has surmounted every obstacle presented to Southwestern engineering and construction. This assures "Brown-Bilt" projects today the benefit of specialized techniques — proven engineering and construction processes especially adapted to this locale.

Any organization considering an enterprise in the Southwest would do well to contact Brown & Root, Inc. The wisdom of thirty-years' experience could prove invaluable!



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their share of the market has about leveled off.

But there's this thorn: Should there be a dip in the economy, the mail-order houses in particular would again bite heavily into the independents' business, as they did in the depression.

#### MARKETING BRIEFS

Fresh Hawaiian pineapple is moving to the mainland again after a two-year quarantine. Reason: development of an effective treatment (methyl bromide gas) against the Oriental fruit fly.

"Consumer resistance" to high prices is the reason Hill Bros. gives for cutting the price of its vacuum-packed coffee by 2¢ a lb. General Foods, Standard Brands, and other major companies have also cut prices.

Uptrend in record business after the summer's slump (BW-Apr. 8 '50, p82) is reflected in Decca Records' first-quarter sales. President Milton R. Rackmil reports that they were "approximately the same as last year."

New ad technique will be tried by U. S. Rubber. It will run department-store type of newspaper ads in Pittsburgh to acquaint people with its wide line of products (pharmaceuticals, textiles, bedding, etc.). You write or phone in to find your nearest dealer.

Moonshine whisky is big business, says Reporter magazine. It estimates that this illicit industry has an annual output of 400-million-odd tax-free gal., employs some 300,000 people. Retail prices range from \$1.25 to \$1.50 a pint.

Cigar business (BW-Mar. 25 '50, p58) shows no sign of improving. The tip-off: A statement by Everett Mayer, president of Webster Tobacco, that the company's profits "will not be as good for the first quarter of the year as they were last year."

Technicolor hasn't been hurt much so far by competition from the newer types of motion-picture color film (BW-Mar. 11 '50, p25). Sales of Technicolor, Inc., last year hit \$20.1 million—about \$150,000 better than record-breaking 1948.

Easier instalment terms are given by stores on hard goods than on soft goods. A survey of 138 department and specialty stores made by National Retail Dry Goods Assn. shows that (1) while 54% of them require 10% down payment on hard goods, (2) only 29% will give the same terms on soft goods. And they demand shorter time for completion of payments on soft goods.

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Before oil is reached . . . often two miles down . . . mud must be pumped in and out. It's done with rotary drilling hose. And in oil fields all over the world, miles of mud flow through the metal-reinforced rubber hose made by Raybestos-Manhattan.

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If you have an industrial or automotive need, take advantage of all that this wealth of experience means. Get in touch with the proper R/M representative by writing to Raybestos-Manhattan, Inc., Passaic, New Jersey.

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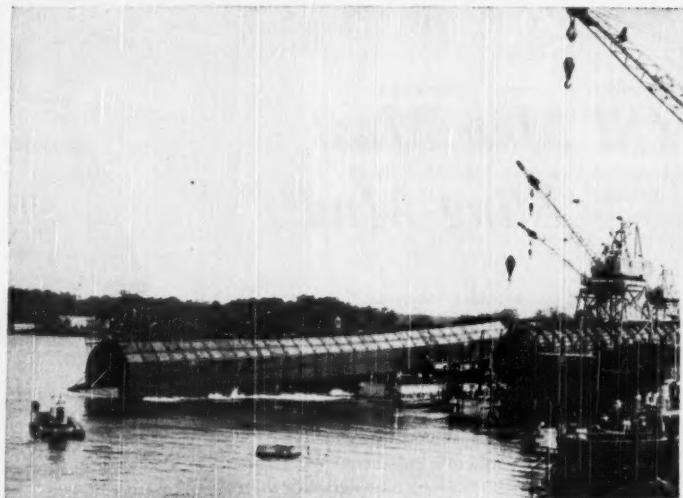


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# CONSTRUCTION



1 No christening. But that's about the only difference between launching a ship and launching section of Washburn tunnel under Houston ship channel at Pasadena, Tex.



3 Trip ends just above the spot in the channel bed where the section will lie. It's one of four 375-ft. double-shelled steel tubes which form underwater span of the tunnel.

## Floating Tunnel Sinks

Texas taxpayers have sunk \$7.5 million into a canal. That's what it cost to build the Washburn vehicle tunnel under the Houston ship channel at Pasadena.

But it wasn't really built under the channel. Most of it was built hundreds of miles away in Ingalls Shipbuilding Co.'s yard at Pascagoula, Miss. Ingalls built four 375-ft. steel tubes

for the underwater part of the span. These were cored with bulkheads at each end and launched into the river. At that point, crews moved into the floating tubes, installed the roadway and built a two-ft. inner layer of concrete.

Then the sections were floated down river to Pasadena, where they were lined up right over the spot in the

# CROTTY BROTHERS

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For plants employing 500 or more workers Crotty Brothers, Inc. offers a variety of tried and proven professional food services adaptable to every need and purpose. Under the direction of a regional Crotty Supervisor each type of service provides an expertly trained restaurant manager and staff, backed by scientific dietary and sanitary controls and standard operating procedures based upon continuing research.

Many well known manufacturers are among those who speak highly of these services and Crotty Brothers' professional know-how . . . the result of 20 years of specialization in industrial restaurant management.

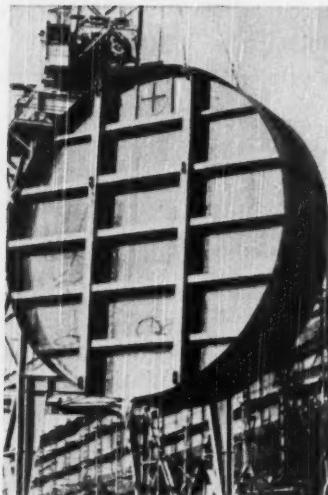
★ A request to any of the addresses below will bring a Crotty Representative to discuss your particular situation.



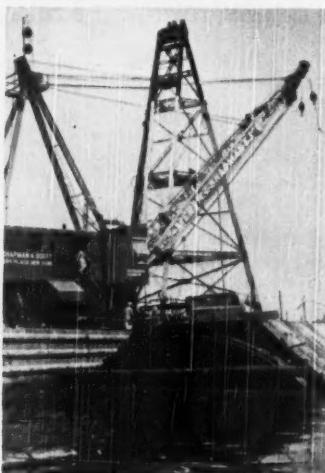
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111 WEST WASHINGTON ST., CHICAGO 2, ILL.  
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FOOD SERVICE  
MANAGEMENT  
SINCE 1930



2 Trip starts after ends of section are corked with giant bulkheads like this.



4 Lining them up. Engineers sight from shore, direct every move of derrick.

channel where they were to be laid. Meanwhile, a trench, 48 ft. deep and wide enough for the sections, had been dredged in the channel bottom. When the giant tubes were finally located in exactly the right spot, they were sunk into the trench. Next step was joining them together with massive gasket fittings, linking them to the approach tubes, and pouring a heavy layer of concrete on the outside to hold them down.

Finally, the bulkheads were removed and finishing touches were installed:



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is furnished by means of two-way speed reduction. Multiple V-belts are utilized ahead of the speed reduction gear case to alleviate strain and provide extra protection for motor and gears. G. E. Drip-Proof Capacitor Motor...Timken Bearings...ruggedly constructed worm drive in extra-capacity leak-proof gear case, lubricated for 2500 hours. Smooth and noiseless in performance...a precision product throughout. Four sizes: 11, 15, 18, and 21-inch brush diameter.

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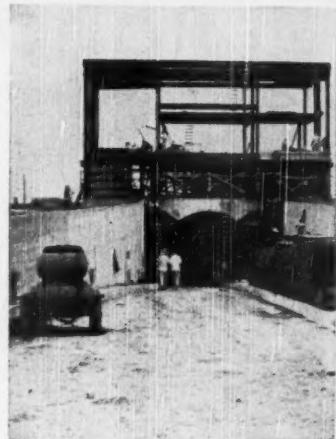
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BRANCHES  
IN ALL  
PRINCIPAL  
CITIES



**5** Fresh air will be blown through the tunnel by giant fans when this ventilation building is completed.



**6** Windup is a shiny layer of tile along the inner walls of the tunnel. It will be opened to traffic sometime this spring.

conduits, ventilating equipment, tile.

The entire tunnel, from portal to portal, measures just about 3,000 ft.; the underwater part alone, 1,500 ft. Bottom of the big tube lies 80 ft. below the surface of the channel.

And even with more than \$7.5-million tied up in the project, the state has decided not to charge tolls.

The Washburn tunnel isn't going to be the only one under the Houston channel. A second one, at Baytown, 18 miles down toward the Gulf of Mexico, is being completed. The Baytown tunnel should be finished during the summer of 1951. A new construction technique is being tried on this. Instead of being a steel tube covered with concrete, like the Washburn tube, it will be concrete-lined, with a steel exterior.

## Building Up 18%

First quarter far ahead of last year. One-family homes lead residential race; industry construction sags.

Three months into 1950, the construction industry is breaking all previous records—with plenty to spare. New construction put in place in the first quarter was valued at \$4.4 billion, according to the Bureau of Labor Statistics. That's 18% above the total for the first three months of 1949.

This was a mild winter. That may be part of the reason. But it isn't the whole reason—not by a jugful. If good weather had been the only thing, the gain over 1949 would have begun to shrink after the end of February.

But, BLS reports, "construction activity rose seasonally in March from the unusually high levels of the winter months."

• Still Coming—And at the moment, it doesn't look as if there is going to be any slackening in the next six months or so. Construction contracts awarded during the first quarter rose even more than work actually done. Engineering construction awards were up 39%, according to Engineering News-Record, a McGraw-Hill publication.

These awards include practically no residential building; when that's added, the figure is even more startling. All first-quarter contract awards in the 37 states east of the Rockies were 56% higher than the same period last year, according to F. W. Dodge Corp. Residential contracts alone were up 112%. • Homebuilding—Residential construction has been the bellwether of the industry this year, even more than it was in 1949. Of the \$660-million rise in total construction put in place in the first quarter, \$565-million—about 85%—was in homebuilding. And that's likely to keep up through the year. Of the \$1-billion-plus gain in contracts reported by Dodge, \$675-million worth—over two-thirds—was in this class.

The backbone of this residential surge is speculative building—one-family homes built for sale or rent. They're gaining ground even faster than apartment houses, houses built by the resident-to-be, and other types of housing. During the first quarter, they accounted for 53% of the total value of residential contracts awarded, 56% of the total new dwelling units provided.

• Less Industry Building—Privately financed nonresidential building, however, sagged 9% in the first quarter from where it was in the same period last year. The big drop came in indus-



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trial buildings: down 33%, from \$310-million last year to \$208-million in 1950.

This drop was no surprise. Surveys of industry's capital-spending plans all predicted a downturn. And outlays for buildings themselves were expected to drop more than outlays for the machinery and equipment to put in them.

• **But Not for Long**—There is a surprise in the making, though: Contrary to expectations, industrial building probably won't keep on going down. Both Dodge and Engineering News-Record report that the value of contracts awarded for such buildings in the first quarter is just about the same as last year.

ENR also compiles figures on proposed industrial building—building for which plans have been publicly announced, but for which contracts have not yet been awarded. When these go up, contract awards almost always go up a couple of months later. And, says ENR, the figures on proposed industrial building have been rising steadily ever since the first of the year.

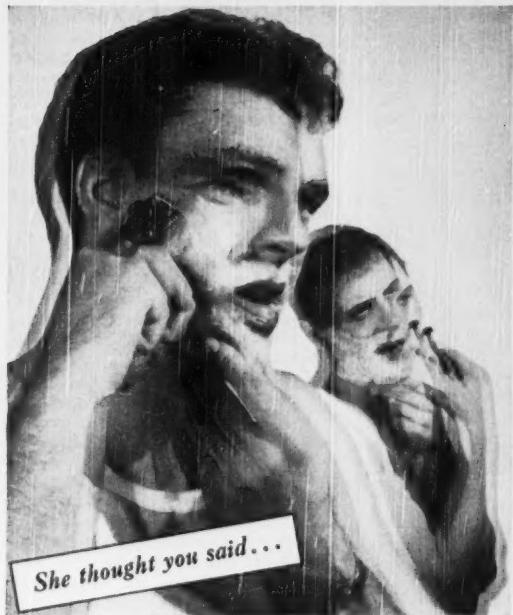
• **Highways**—Highway construction so far this year is just slightly above last year. But highway contracts awarded in the first quarter are up 83%. And judging from the signs, roadbuilding will stay at a high level all year. The mild winter was also partly responsible for this. Here's how:

Road contractors were able to do a lot more work this winter than they had planned. As a result, they finished up many jobs that ordinarily would have dragged on into the spring. They have big organizations, geared to a high work level. So they're hungry for business today, and are shaving their bids to get it. That has given state and local highway authorities a chance they are jumping at; many have held back in the past year or so, waiting and hoping for lower prices.

• **Sewers**—Another branch of construction that's booming is sewers and sewerage-treatment works. New housing developments require new sewers. But beyond that, a big backlog of needed sewers has been building up: New homes going up in already-settled areas have gradually overloaded sewer facilities all over the country. Besides, water-pollution-control authorities, such as the eight-state Ohio River Valley Water Sanitation Commission, are pushing for better facilities.

• **Other Types**—Dam construction is going both ways at once. Building of dams for flood-control, navigation, and power is lower so far this year. But dams for municipal drinking-water supplies are up sharply.

Other types of construction that are going great guns this year: pipelines, hospitals, educational buildings—and jails.



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## \$4-Billion Hypo

New housing law backs building boom with \$4-billion more. Fanny May gets temporary help.

President Truman signed into law this week a housing bill that had some of the things he wanted, but not all.

What Congress left on the cutting-room floor was the program for middle-income housing co-ops (BW-Jan. 14' 50, p21). And to many of the Fair Dealers, that was the best part of the 1950 housing plan.

• **Stimulus**—Still, the bill that Congress put together covers a lot of ground—\$4-billion worth altogether. For one thing, it practically assures an extended run for the housing boom. For it will give yet another lift to residential building—both apartment and for-sale housing.

Some effects will be immediate. Section 608 of the National Housing Act, which accounted for the main chunk of 1949's apartment building, gets a temporary reprieve. This was the section that provided FHA insurance of mortgages up to 90% of estimated costs on big rental projects. It expired Mar. 1. But Congress, in the new bill, forked over \$500-million so FHA could process "608" applications received up to the Mar. 1 deadline.

• **Easier Terms**—To fill in after Sec. 608's lingering death, Congress has liberalized Title II. This is housing act's permanent section on mortgages. Congress stepped up FHA's mortgage authority under the title by \$24-billion. Title II, thus, will carry the load from now on for apartment house construction, as well as for homes that are built for sale.

Title II has been eased so that more money can be funneled into lower-cost, lower-rent housing and into apartment units with more rooms. Insurance will be highest—from a percentage standpoint—on homes with two bedrooms selling for \$7,000, or with four bedrooms selling for \$9,000. On rental projects, the best terms go to the builder who stays under a cost limit of \$7,000 a dwelling unit, and averages  $\frac{1}{2}$  rooms per apartment in his development.

• **Direct Loans**—Despite the scuttling of co-op loans, Congress did write two direct-loan provisions into the bill. Under one, the Veterans Administration gets \$150-million for direct loans to home-buying veterans—provided the veterans can't get 4% money from private lenders. The second—and less important section politically—sets up \$300-million for long-term loans to schools

to build student and faculty housing.

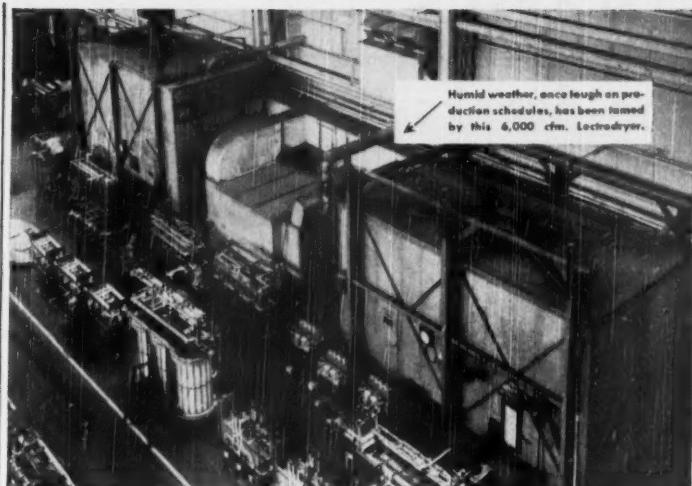
- **Fanny May**—Congress also took care of the Federal National Mortgage Assn., which makes a secondary market for insured mortgages—but not as well as Fanny May had hoped (BW—Apr. 1 '50, p76). Although the House voted \$750-million to replenish Fanny May's till, the final compromise bill whittled this down to \$250-million. That means Fanny May, for the time being, can't make any new commitments to buy mortgages. The money it got will have to go for mortgage purchases on which it is already committed. And unless Fanny May can sell its own mortgage holdings to private investors, it will be out of cash again in three months.

- **Try Again**—By that time, though, the Administration—and Congress—hope to have some permanent solution worked out. Truman's housing experts are drafting a bill now to transfer Fanny May to the Housing & Home Finance Agency. At the same time, they will try to step up resales of mortgages from Fanny May's portfolios. One scheme is to authorize private mortgage associations to buy FHA-insured mortgages and issue debentures against them. The Mortgage Bankers Assn. has worked on such a plan for months.



## Mutual Moves Uptown

Mutual Life Insurance Co. has joined the parade of New York City life insurance companies moving uptown from the financial district. Last week, Mutual left its ancient offices downtown for a brand-new 25-story "baby skyscraper" (picture) just below Central Park. Metropolitan Life moved uptown in 1893. Equitable and New York Life followed in the 20's.



## PRODUCTION MORE THAN DOUBLED BY FEEDING DRY AIR TO THEIR OVENS

Coil drying ovens at Pennsylvania Transformer Company, Canonsburg, Pa., are not dependent on whims of the weather. The WETth factor has been eliminated by feeding DRY air to the ovens. Typical saving: A 92-hour drying period reduced to 32 hours.

You can take this variable, WETth, out of your production. Surround your processes, your raw and finished materials in storage, with air dried DRY by Lectrodryers. You'll speed up the work and hold product quality uniformly high.

If your problem calls for DRYing air, gases or organic liquids, there's a Lectrodryer to handle it. Lectrodryer's two books—"The World Is Sopping Wet" for the technical man, and "Because Moisture Isn't Pink" for the nontechnical—tell you how others have dealt with WETth. For copies, mail this coupon.

Next month we'll show you how a candy manufacturer uses DRY air to hold his production steady in hot, humid weather

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# FINANCE

## The Stocks to Make Your Money On

For the long haul, the "growth" stocks are best nest-egg builders. The trick is to pick a good grower.

"Buy growth stocks, then hold on to them."

That was one of Wall Street's favorite maxims in the days when the founders of the New York Stock Exchange got together under the buttonwood tree. Most Streeters are still handing out this advice to clients who are more interested in building up nest eggs than pulling in profits tomorrow.

• **Ten That Grew**—The table (right) shows 10 representative growth companies—and how they have grown over the past 30 years. Say you invested \$10,000 in that group of shares right at the 1929 high of each. Even so, if you had stuck by those shares through thick and thin, you would be a happy man today. Early this week, you could have sold them for around \$14,660—or 46.6% more than you paid for them.

You would have done pretty well on dividends, too. Payments were suspended on only two of the individual issues during the depression years, and they weren't called off for long. Last year, you would have collected about a 6.3% return.

Some of these companies put on a really awe-inspiring show. Wall Street tells how, in less than 30 years, a \$1,000 investment in Coca-Cola common grew to be worth more than \$25,000; how \$1,000 in International Business Machines shares netted the holder \$50,000; how a \$1,000 investment in du Pont grew to almost 10 times its initial size; and how the same investment in Celanese shares climbed to nearly \$25,000.

So it looks as though the advice to buy and keep growth stocks is well founded. The Street has had two lessons pounded into its head over the years: (1) Getting in and out of speculative stocks for quick profits is more than likely to produce net losses in the end; and (2) over the long pull, the average stock-market investor always ends up better when he has hung onto a good chunk of growth stocks.

• **What's a Grower?**—You can define a growth stock as the stock of a company that promises a better-than-average increase in assets and earnings in the future. It's as simple as that.

Some investors think of a growth

(All figures are in thousands of dollars)

	1919	1929	1939	1949
--	------	------	------	------

### Coca-Cola Co.

Sales .....	\$32,341	\$39,261	\$87,934	\$68,877
Net profits .....	4,205	12,758	29,030	37,791
Invested capital .....	30,376	45,646	68,816	157,114

### E. I. Du Pont De Nemours

Sales .....	105,438	NA	298,833	1,031,979
Net profits .....	11,477	78,172	93,219	213,672
Invested capital .....	191,409	451,237	646,569	1,116,795

### General Motors Corp.

Sales .....	509,677	1,504,404	1,376,828	5,700,835
Net profits .....	60,005	247,318	183,403	656,434
Invested capital .....	325,198	954,476	1,055,748	2,092,375

### Gulf Oil Corp.

Sales .....	97,432	272,413	276,689	969,503
Net profits .....	11,461	44,525	15,316	100,877
Invested capital .....	102,978	336,711	389,947	832,606

### International Business Machines

Sales .....	NA	NA	39,475	183,465
Net profits .....	2,497	7,446	9,093	33,277
Invested capital .....	16,596	33,717	70,325	138,293

### Libbey-Owens-Ford Glass

Sales .....	NA	NA	38,038	134,234
Net profits .....	397	3,516	8,963	20,985
Invested capital .....	6,419	21,905	40,013	65,004

### Minnesota Mining & Mfg. Co.

Sales .....	NA	5,383	17,345	114,925
Net profits .....	NA	1,452	4,365	15,398
Invested capital .....	NA	4,814	13,281	73,758

### Monsanto Chemical Co.

Sales .....	NA	17,088	38,513	165,925
Net profits .....	1,383	1,145	5,314	17,236
Invested capital .....	2,985	12,320	48,566	126,250

### J. C. Penney Co.

Sales .....	28,784	209,690	282,148	880,200
Net profits .....	1,878	11,280	16,481	41,793
Invested capital .....	8,195	62,352	74,758	174,796

### Sears, Roebuck & Co.

Sales .....	233,993	443,453	617,414	2,168,928
Net profits .....	18,890	30,058	37,255	108,207
Invested capital .....	116,575	192,638	263,696	614,716

\*1920 figures; present company was organized in late 1919. NA not available.

stock primarily as the common stock of a company in a new line of business—one that's on the verge of enormous expansion. The company might be in plastics, jet propulsion, "miracle drugs," television. On this basis, the

equities of many old-line companies don't rate a second glance.

But what this reasoning ignores is that you often find equal, and maybe better, growth possibilities in the equities of long-established, financially

sound companies. That's apt to be the case when the companies over the years have done things like this:

**Devoted** a large part of their earnings to broaden the market for products that already are well-established;

**Expanded** their long-term earnings potential by taking over other well-established corporations with allied or new lines of products;

**Developed**, through research, new lines of their own.

In fact, some Streeters would say that it's not enough to count on companies that promise above-average growth in future sales and profits. If you want the safest growth prospects, look for a past earnings record that shows an underlying strength—earnings that move upward from cycle to cycle, losing ground only temporarily in bad times.

• **New Companies**—The ideal buy, of course, would be the common shares of a small company in a new, expanding trade—one that's going to be another Coca-Cola or General Motors some day. But picking a baby that's going to be a giant is hard and risky. There are plenty of fatalities for every one that pulls through successfully.

• **Radio**—The early years of the radio industry have a story to tell. It has plenty of point right now—especially for the people who are piling into the television stock market (BW-Feb. 4'50,p83).

Radio got its start when Westinghouse began its pioneering broadcasts in the fall of 1920. Soon the public was scrambling for sets—millions of them. By 1924, the four-year-old industry was a bouncing Gargantua. About 300 new companies were turning out sets; another 3,000 were making parts for set makers or for home assembly.

There were a lot of good growth-stock buys in those days. But there were a lot that proved to be duds. For by 1926, all but 40 of the set makers and all but a few hundred of the parts fabricators had found the competition too hot, and had closed up shop.

• **Candidates**—What are the best growth industries today?

That depends on the man you ask. Wall Street doesn't have any one answer.

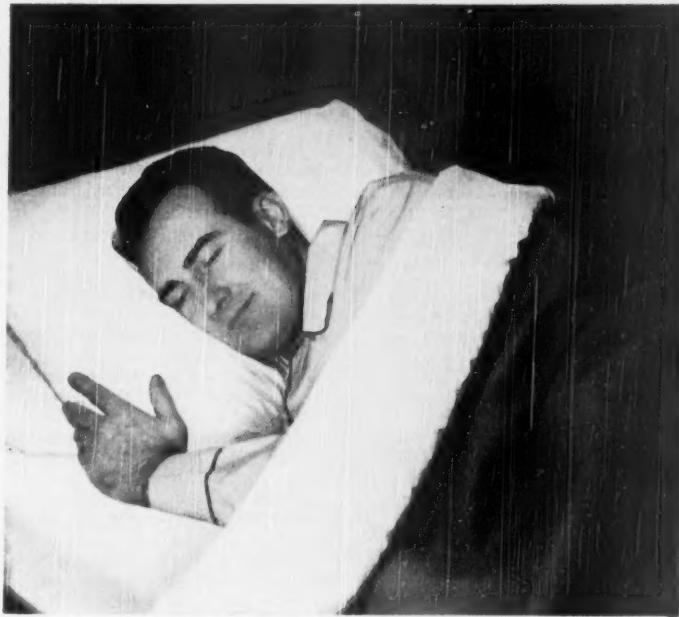
But the most popular candidates seem to be these: chemicals; building supplies; ethical drugs; business machines; merchandising; air conditioning; plastics; rayon; some kinds of machinery.

One you might expect to find—and won't on many lists—is television. It's likely to be missing for some time. Traders remember the early days of radio, say "Wait and see."

• **Growers**. But—Two other industries that were once considered promising growers are missing from most lists now: the airlines and the plane makers.

That's not because these two fields

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have come of age. They are anything but mature. The rub is this: Generally speaking, both have produced mighty slim profits for those who rushed to get in on the ground floor.

Which goes to prove that even when the industry is still growing, it may not be too good a growth investment. There'll be bad risks as well as good. Just because you buy into a grower early in the game doesn't mean you can sell your interest at a handsome profit a few years later.

• **Stunters**—What's usually to blame when what looked like a good growth-stock buy turns out to be a lemon? It could be several things:

Maybe the market that the company once had is saturated; maybe patents have expired; perhaps the relative rise in the cost of materials or labor was too sharp. Adverse legislation or more competition might be the villain.

• **Main Culprit**—But nine times out of 10, management faults are to blame. Management is something to watch as closely as anything else in growth stocks.

If you rifle through a few pages of business history, you'll find growth companies operating in trades that matured long ago—but the companies are still growing; you'll find other companies that have been losing ground steadily, though they operate in a "growth" field. The thing that makes the difference is the men at the wheel.

• **Not Cheap**—Good growth stocks aren't for the bargain-hunters. The best ones don't come cheap. They usually sell at relatively high price-earnings ratios, bring a lower-than-normal dividend return.

Only time will tell whether such premiums are too much to pay. But market men have often found in the past that good merchandise isn't cheap.

## K-F Drops \$30-Million But Still Has Big Hopes

Kaiser-Frazer Corp. had the worst year in its short history in 1949. The company lost \$30-million on net sales of \$104-million—after a tax credit of \$9-million. It will probably lose some more during the first half of this year. But after that, K-F hopes that big boosts in production and sales will start putting it back on a paying basis.

That's what K-F's president, Edgar F. Kaiser, told K-F stockholders in the company's annual report last week. He explained last year's big losses this way: In 1948, when Otis & Co. canceled its contract to underwrite a K-F stock issue, the company was left without enough money to expand its line and bring out new models.

At the same time, competition came back to the auto market, and K-F

was at a big sales disadvantage without a new line to sell to the public. Sales in 1949 ran only about 30% of 1948's \$342-million.

• **New Model Costs**—Kaiser said that the company sank a lot of money into new model development and overhauling its sales force. And he indicated that a good share of last year's losses represented write-offs of those development costs and won't start paying off until this year and next.

Besides, he pointed out, if K-F hadn't spent that money for new model development, it would have had nothing on which to base its request for a loan from Reconstruction Finance Corp. RFC lent the company \$44-million to put its new cars into production.

The company's balance sheet at the end of last year showed some sharp drops. Total assets fell from \$125-million at the end of 1948 to \$90-million at the end of last year. Working capital was down from \$42-million to about \$23-million.

Long-term debt rose from about \$26-million to \$43-million. This \$17-million increase represents about \$23-million drawn against its RFC loan, offset by about \$6-million paid back on private bank loans.



## CSC's Trouble Is His

Problem of building up the earnings of Commercial Solvents Corp. falls into the lap of its new president, J. Albert Woods. Earnings of the big industrial chemical, pharmaceutical, and potable alcohol maker have been falling off in the last couple of years. Woods figures he can give the company an earnings boost by expanding its activities in the agricultural chemical and drug fields. And he comes well qualified for that. Woods has been head of Wilson & Toomer Fertilizer Co. and is an expert on agricultural chemicals.

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There are good reasons why HTH has been so widely accepted. It acts as a potent chlorine carrier when used for hypochlorination of pool water...as an algaecide and fungicide...as a stain remover to clean pool walls...and as a germicide, bactericide, disinfectant and deodorant when used to sanitize floors of locker and shower rooms or any other pool facility. Sprayed on beaches, it has the added value of minimizing the annoyance of flies. These properties—together with the advantage that it is extremely easy to use—indicate why HTH is popular with pool

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April 11, 1950

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The new oil fields of Western Canada almost daily create new opportunities for those in the industry—and pose some problems.

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## FINANCE BRIEFS

Safety was the keynote with investors last year. SEC says that individual holdings of corporate bonds rose \$700-million in 1949, holdings of investment-fund shares climbed \$300-million. But other stock holdings increased only \$400-million.

Life insurance companies may not have to pay retroactive income taxes for 1947 and 1948, after all. The Senate knocked that provision out of a bill setting up a temporary income tax formula for life insurance companies (BW—Nov. 12 '49, p90). The House had already passed the bill.

Class I railroads spent \$1,641-million on fuel and supplies last year, the Assn. of American Railroads reports—about 25% less than in 1948.

Municipal bonds are still piled high on dealers' shelves. Last week, the float was about \$165-million, off only \$18-million from the record high at the end of last month (BW—Apr. 1 '50, p82).

Pacific Power & Light Co.'s common stock will be sold publicly by the purchasing syndicate (BW—Feb. 11 '50, p81). Sale will probably take place after Aug. 6.

Allied Chemical & Dye Corp.'s directors will ask stockholders to split its stock four-for-one. The morning after the news came out, the stock opened at \$239, up \$14, on the N. Y. Stock Exchange.

Common stocks should be fair game for life insurance companies in all states, says Thomas B. McCabe, Federal Reserve Board chairman.

Denver plans to sell a \$3.7-million bond issue to finance off-street parking. Parking-meter revenues are expected to amortize the bonds in 20 years, but won't be pledged to secure the issue.

Common trust funds (BW—Nov. 26 '49, p76) are still spreading. Marine Trust Co. this week set up Buffalo's first one.

Quick sale: Boston Edison Co.'s new issue of \$18-million first-mortgage bonds was snapped up by buyers. The bonds were priced to yield about 2.63%, a low rate even these days.

Utility companies in New York State can now be taxed by villages of 5,000 population or more. A new law allows them to tax utilities 1% of gross income. Previously, only cities could impose a tax.



Photo by Usser

## "Where did yesterday's wrinkles go?"

HAVE YOU HEARD about the new cotton dresses that resist wrinkles, stay fresh and crisp longer? Even in hot, humid weather, wrinkles disappear overnight, like magic!

The textile industry is giving many of its cotton fabrics this new quality with SUPERSET® Finish, a durable wrinkle-resistant finish recently developed by American Cyanamid's Textile Resin Department. SUPERSET Treated fabrics are soil resistant, too. They stay clean longer, are easier to wash and iron, need no starching—save time and work. This finish lasts as long as the garments themselves.

SUPERSET Treated cottons are available now in women's and children's dresses and sportswear, boys' wear, men's sports shirts and other garments. Here is another way in which Cyanamid chemistry is working to aid the great textile industry in increasing the value and serviceability of its products.

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# How to Save Taxes With Bonds

Interest on debentures is a nontaxable business expense; so companies trade stock for debt, save taxes. It's simple—in theory.

Looking for an easy way to cut your corporation tax bill? A number of companies think they have found the answer: replacing stock with debentures. For tax purposes, interest payments on debentures are listed as a business expense, deductible from corporate income. Dividends on stock are not.

- **It's Simple**—All a company has to do is have each stockholder turn in part of his common shares and issue debt securities in their place. Stockholders take no loss at all—and legally can avoid double taxation on that part of their company's profits that are paid out as interest.

The plan is astonishingly simple—in theory. But you have to be mighty careful about details. Bureau of Internal Revenue turns a hawk's eye on these transfer deals. Often a company has to push its claim all the way through the federal courts, so every base has to be covered.

- **Real Debts**—The important thing is to convince the courts that the capital represented by the new interest-bearing securities is borrowed—not invested on an equity basis. Generally, the courts will give the nod to a company if its exchange plan meets at least one of these requirements:

(1) Additional capital must be raised during the exchange.

(2) The debentures must primarily have the characteristics of bonds—though some of the privileges that are usually granted to stock may be incorporated.

(3) A reasonable ratio of debt securities to equity must remain after the exchange.

Here is how the courts decided the question of interest deductibility in three classic exchange-of-securities cases:

## Case I

A hotel company operating in Michigan issued a dividend in the form of debentures. The dividend came out of a paid-in surplus created on the books by an earlier write-down of the par value of outstanding stock.

The debentures had a maturity but otherwise resembled preferred stock; interest was cumulative but payable only out of earnings. In addition, the debt securities had a priority on assets midway between other creditors and the common stock.

- **Found for Company**—The case went to the Tax Court when BIR challenged the company's right to deduct interest. The court ruled in favor of the com-

pany. Its reason: The reduction in the par value of the stock was a legitimate retirement of the stock in exchange for junior debentures.

Caution: The company just barely squeaked by on this one. A minority of the judges said that BIR was right; they felt that interest deductions shouldn't be allowed because there was no net new capital raised. (Lansing Community Hotel Corp. v. Com. 14 T.C. No. 24)

## Case II

A wholesale grocery concern had once issued preferred stock as a dividend on its outstanding common. Later, it called in the preferred and handed out 50-year debentures instead.

Interest on the notes could be set at from 1% to 7% at the discretion of the directors. And the notes were junior—both as to principal and interest—to all other claims against the business.

- **Disallowed**—When the company filed its returns under the new securities setup, BIR disallowed the interest deductions. The company appealed to the Tax Court which found for the bureau; the Court of Appeals did, too.

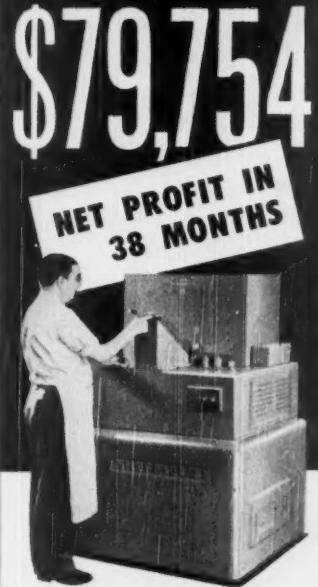
The court based its ruling mainly on the fact that, except for the maturity date, the notes had all the earmarks of dividend-earning preferred stock. The fact that the exchange raised no additional capital helped tip the balance against the company. (Wetterau Grocery Co. v. Com. 8 T.C. 434 [CA-8] 50-1)

## Case III

After reorganization under section 77-B of the National Bankruptcy Act, a manufacturer of building material issued debentures in exchange for old preferred stock. The bonds had a definite maturity, called for a fixed rate of interest and were senior to other creditors.

BIR disallowed deductions for interest because no new money was raised during the exchange. But the Tax Court overruled the bureau.

- **Not Fatal**—Failure to raise new money damaged the company's case. And the court thought that tax savings had been a motive behind the deal. But these factors weren't fatal. The court was more impressed by the fact that the debentures took precedence over other securities. (New England Lime Co. v. Com. 13 T.C. No. 103)



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## A Brand-New Bank Needs Customers . . .

One way to coax them in is to round up those Southern California service ideas and adopt them wholesale. First National Bank of Manchester, Conn., has all the frills. Employees' uniforms match the green and cream of the interior color scheme. Soft music plays in the lobby. Phones don't jangle; colored lights flash instead. Here are more of the gimmicks:



**PAPER** umbrellas for rainy-day customers. When rain stops, you throw them away.



**DRIVE-IN** windows, of course. Customers in a hurry do business right from the car. Not new, this gimmick is spreading widely among banks.

## How Do You Start a Bank?

It's a tricky business. Before you get to opening day, you have to get over the legal and financial hurdles the law sets up.

You don't open a bank the way you would a grocery store. It takes quite a bit of doing—so much that prospective bankers pause before they leap. Many pause so long that they never leap at all. New York, leading banking state, has had no new banks for about 20 years. In the whole country, only 124 national banks were chartered since the war.

But Manchester, Conn., near Hartford, wanted a new bank. As a town, Manchester is growing fast. Its population has jumped about 11,000 in 10

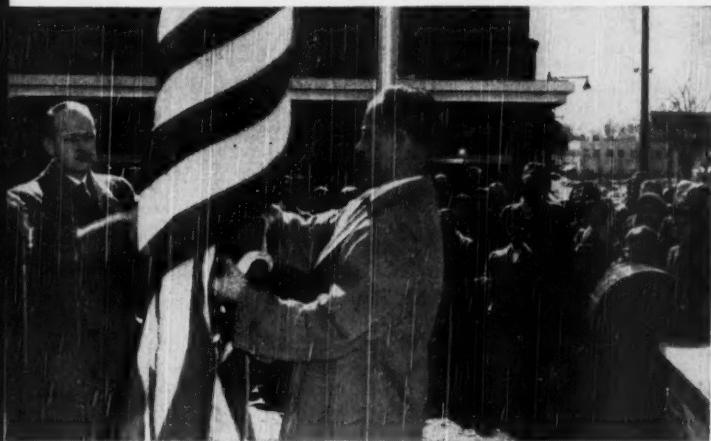
years, is estimated at around 35,000 today. The war brought boom times to Hartford industries, and Manchester is a likely spot for workers to live.

Manchester already had a state-chartered commercial bank and a mutual savings bank. But a group of local businessmen, headed by Willard B. Rogers, who runs a hotel in Hartford, and Saul Silverstein, president of a paper company, thought there was room for another bank.

So in February, 1949, the group asked



**LEFT-HANDED** checkbooks. These please southpaw writers. Stubs are on the opposite side from the conventional checkbook. First National says it gets lots of requests for these books. They made a hit in other banks, too.



## AND LOUDSPEAKERS

at the opening. Most of Manchester came when the bank opened for business. Town fathers raised the flag.

the Comptroller of the Currency for a national charter. It came through this February, just a few days before the new building was finished.

• **Long Trail**—Here's what they had to do to get it.

The application had to be O.K.'d by: (1) the federal Comptroller of the Currency; (2) the Federal Reserve Bank of Boston, of which their bank would be a member; and (3) the Federal Deposit Insurance Corp.

All three sent examiners to look the ground over. What was the personal background of the bank's backers? Did Manchester really need another bank? The experts gave the group the all clear, so it could go ahead and solicit stock subscriptions and deposits.

Minimum federal requirements for a

national charter in a town of Manchester's size: capital stock, \$100,000; surplus, \$10,000; assurance of \$500,000 in deposits on opening day; assurance of \$1-million in deposits within six months.

• **Success**—The new bank came through with flying colors. It sold \$250,000 worth of stock. And it got assurances of more than \$500,000 in opening-day deposits. Now, two months after opening, it has about \$1.2-million in deposits.

Finally, there were two more things to do: choose a chief operating officer acceptable to the Comptroller (in this case, it was N. William Knight, executive vice-president); get the Comptroller's O.K. on the location of the building.

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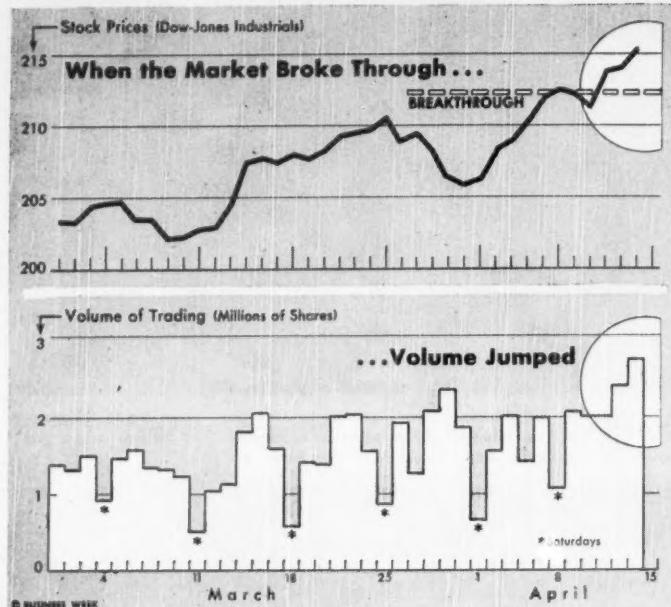
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# THE MARKETS



## The Bulls Snuff Clover

With trade volume crowding 3-million, Wall Street begins to think it has something this time. But it's still waiting for word from the rails to confirm it. And industrial gains are spotty.

Wall Street finally thinks its bull market in stocks is something to get steamed up about. You could see a mounting feverishness in the way volume of trading was climbing this week.

Since the Dow-Jones industrial average broke through its 1946 high (BW-Apr. 15 '50, p.19), volume has been running better than 2-million shares a day; this week, it was crowding 3-million. Trading this month is already running well ahead of March, and March was a good month by any modern standards.

On the face of it, that's all to the good. Mounting volume in a breakthrough is strong medicine for the bulls. But it has taken an awful lot of trading to push the averages up a relatively short way.

• **Unconfirmed**—So far, the industrial average has been the only one to make any flashy gains. The rails and utilities are dragging their feet.

Until the Dow-Jones rail average "confirms" the break-through, Dow theorists won't know whether to believe the industrials or not. And there's a nice question as to how high the rails will have to go to confirm. The 1946

high for the rails was 68.31; the average now is still only a little above 55. Some broad-minded chart readers say they will consider that the rail average has confirmed the industrial average if it betters the 1946 high of 56.60, which it touched briefly early in March.

There are at least two very good reasons why the rails have lagged behind the industrials:

- Their first-quarter earnings won't be impressive (BW-Apr. 8 '50, p.86);
- As things stand, the rails don't appeal to either the speculators or the investors. The speculators are playing around with the more glamorous issues, mainly television. The investors are sticking to groups that seem to face fewer long-run problems and promise greater long-run earning power (page 78).

• **One-Stock Gain**—Even the Dow-Jones industrials have been putting up a false front, in one sense. The average is now well past the 212.50 that was the 1946 high. But of the 30 stocks that make up the index, only eight have topped their 1946 highs.

One of these eight, Allied Chemical, gained \$16.50 last week on news of a

stock split; its rise was the one reason for the 1.93 net gain of the industrial average last week.

• **Spotty Climb**—It's the same story all through the market. Take, for instance, a list of 46 representative industrial and rail stocks (below). Only 11 of these had reached their 1946 top at the end of last week.

All this makes some cautious traders wonder about the recent step-up in volume. It might mean that the bull market is really rolling. But it might also be the "selling climax" that often marks the top of a move. Heavy volume, plus a failure of most investment-

grade stocks to advance, plus a burst of activity in the speculative TV issues—these are the things that worry the cagey trader just now.

• **Where's the Setback?**—Even some of the bulls are beginning to wish that the market would have a setback and get it over with. The long steady rise—over 10 months without a real correction—is almost too much of a good thing, as they see it. In the past, all bull markets have had their temporary reactions, and there's no reason to think this one will be spared. The longer it's postponed, the more the waiting gets on everyone's nerves.

## Stock Prices: '46 Highs, '49 Lows—and Today

Industrial Common Stocks	June		April		Current Price vs.	
	1946 High	1949 Low	1946 Low	1950	1946 High	1949 Low
Dow-Jones Average.....	212.50	161.00	214.48		+ 0.9%	+ 33.2%
Allied Chemical & Dye.....	\$212.25	\$165.00	\$238.50		+ 12.4	+ 44.5
American Can.....	106.50	88.12	117.25		+ 10.1	+ 33.1
American Smelting & Refining.....	73.75	39.25	51.75		- 29.8	+ 31.8
American Tobacco.....	99.50	65.50	70.00		- 29.7	+ 6.9
Anaconda Copper.....	51.87	25.12	39.25		- 24.3	+ 56.3
Armstrong Cork.....	65.00	38.62	52.50		- 19.2	+ 35.9
Bethlehem Steel.....	58.25	23.12	35.75		- 6.5	+ 54.6
Chrysler Corp.....	70.50	44.12	67.50		- 4.3	+ 53.0
E. I. du Pont de Nemours.....	56.75	43.25	72.75		+ 28.2	+ 68.2
General Electric.....	52.00	34.00	46.37		- 10.8	+ 36.4
General Foods.....	56.12	40.75	50.00		- 10.9	+ 22.7
General Motors.....	80.37	51.87	80.25		- 0.2	+ 54.7
Gimbels Brothers.....	55.12	12.25	14.25		- 74.2	+ 16.3
B. F. Goodrich.....	88.50	50.50	87.25		- 1.4	+ 66.2
Gulf Oil.....	78.00	56.75	63.50		- 18.6	+ 11.9
International Harvester.....	34.00	22.75	26.62		- 21.7	+ 17.0
Johns-Manville.....	55.87	30.50	49.00		- 12.3	+ 60.7
Kennecott Copper.....	60.25	44.00	51.87		- 13.9	+ 17.9
Loew's, Inc.....	41.00	16.12	16.00		- 61.0	- 0.8
National Steel.....	33.50	24.50	37.00		+ 10.4	+ 51.0
Pacific Mills.....	48.00	27.12	29.12		- 39.3	+ 7.4
Radio Corp.....	19.00	9.62	21.00		+ 10.5	+ 118.3
Sears, Roebuck & Co.....	49.62	33.87	45.00		- 9.3	+ 32.9
E. R. Squibb.....	33.50	27.00	36.75		+ 9.7	+ 36.1
Standard Oil (N. J.).....	78.75	60.25	71.87		- 9.7	+ 19.3
Studebaker Corp.....	38.50	16.75	30.37		- 21.1	+ 81.3
Swift & Co.....	41.12	27.62	36.75		- 10.6	+ 33.1
Union Carbide & Carbon.....	41.67	33.75	46.62		+ 11.9	+ 38.1
United Fruit.....	58.62	44.25	60.25		+ 2.8	+ 36.2
United States Rubber.....	80.00	33.00	42.50		- 46.9	+ 28.8
United States Steel.....	32.46	20.25	31.87		- 1.8	+ 57.4
Westinghouse Electric.....	39.75	20.75	34.62		- 12.9	+ 66.8
Zenith Radio.....	42.62	21.00	68.00		+ 59.5	+ 223.8
<b>Railroad Common Stocks</b>						
Dow-Jones Average.....	68.31	41.03	55.16		- 19.3	+ 34.1
Atchison, Topeka & Santa Fe.....	\$121.00	\$80.00	\$110.00		- 9.1	+ 37.5
Atlantic Coast Line.....	83.00	32.50	43.25		- 47.9	+ 33.1
Chesapeake & Ohio.....	66.87	29.75	27.25		- 59.3	- 8.4
Great Northern (Pfd.).....	64.00	33.25	41.00		- 35.9	+ 23.3
Illinois Central.....	45.50	23.37	38.00		- 16.5	+ 62.6
Louisville & Nashville.....	72.25	31.62	40.00		- 44.6	+ 26.5
New York Central.....	35.75	9.25	13.50		- 62.2	+ 45.9
New York, Chicago & St. Louis.....	61.25	56.00	103.00		+ 68.2	+ 83.9
Norfolk & Western.....	72.12	49.75	46.50		- 35.5	- 6.5
Pennsylvania.....	47.50	14.12	16.75		- 64.7	+ 18.6
Southern Pacific.....	70.00	32.50	52.75		- 24.7	+ 62.3
Southern Ry.....	65.00	25.12	35.00		- 46.2	+ 39.3
Union Pacific.....	84.25	73.25	85.25		+ 1.2	+ 16.4

*N.B.: Where necessary, adjustments have been made in above prices to take care of stock split-ups.*



Amer Airlines	Monsanto Chem
American Can	Montgomery Ward
Amer Radiator	Nash-Kelvinator
Anaconda Copper	Natl Biscuit
Armour & Co	Natl Dairy Prod
Atch Top & S F	Natl Distillers
Bethlehem Steel	N Y Central RR
Borden Co	Pan Amer Airw
Canadian Pacific	Pennsylvania RR
Celanese Corp	Pepsi-Cola
Ches & Ohio	Philco Corp
Chrysler Corp	Pub Serv E & G
Comwith Edison	Radio Corp
Consol Edison	Republic Steel
Continental Can	Schenley Ind
Crane Co	Sears Roebuck
Curtiss-Wright	Shell Oil
duPont de Nemours	Sinclair Oil
Eastern Air Lines	Socony Vacuum
General Electric	Southern Railway
General Motors	Standard Brands
Gulf Oil	Standard Oil (Cal)
Industrial Rayon	Standard Oil (N.J.)
Intl Harvester	Studebaker Corp
Intl Nickel	Texas Company
Intl Paper	Tide Water Assoc Oil
Intl Tel & Tel	U.S. Steel
Kennecott Copper	Warner Bros Pict
Libby McN & Libby	Westinghouse Elec
Woolworth Co (F.W.)	

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# LABOR

## More Work From Workers—Labor's Way

Union officials step out of their roles as labor spokesmen, tell how they would boost worker output if they were employers.

In 14 cities last week, from Boston to Los Angeles, BUSINESS WEEK correspondents asked labor leaders a tough question:

"Suppose that you've become an employer. Wages have gone up; new labor costs have been added to your payroll; competition is getting sharp. How, Mr. Labor-Man-Turned-Boss, would you go about getting more output from your employees?"

To their credit, it must be said that more than 60 union officials gave direct answers to the question. Some of them bridled ("That ain't my business."); some of them thought it was a trap ("Who are you really working for?"); some of them brushed it off as pointless ("Everybody knows workers work too hard already."). But the great majority of them faced up to it manfully, asking only that their identity be kept secret.

The group whose opinions are summarized here takes in all levels of labor's officialdom. International union officers, regional officials with roving responsibilities, district leaders who look after several organizations and industries, and local union officials who hold plant jobs all had their say-so.

The employer who finds nothing startling in the union suggestions should not, however, overlook another value: The views provide an insight into the union mind and the way that mind focuses on one of industry's most important problems.

Here are labor leaders' ideas on how they would raise output:

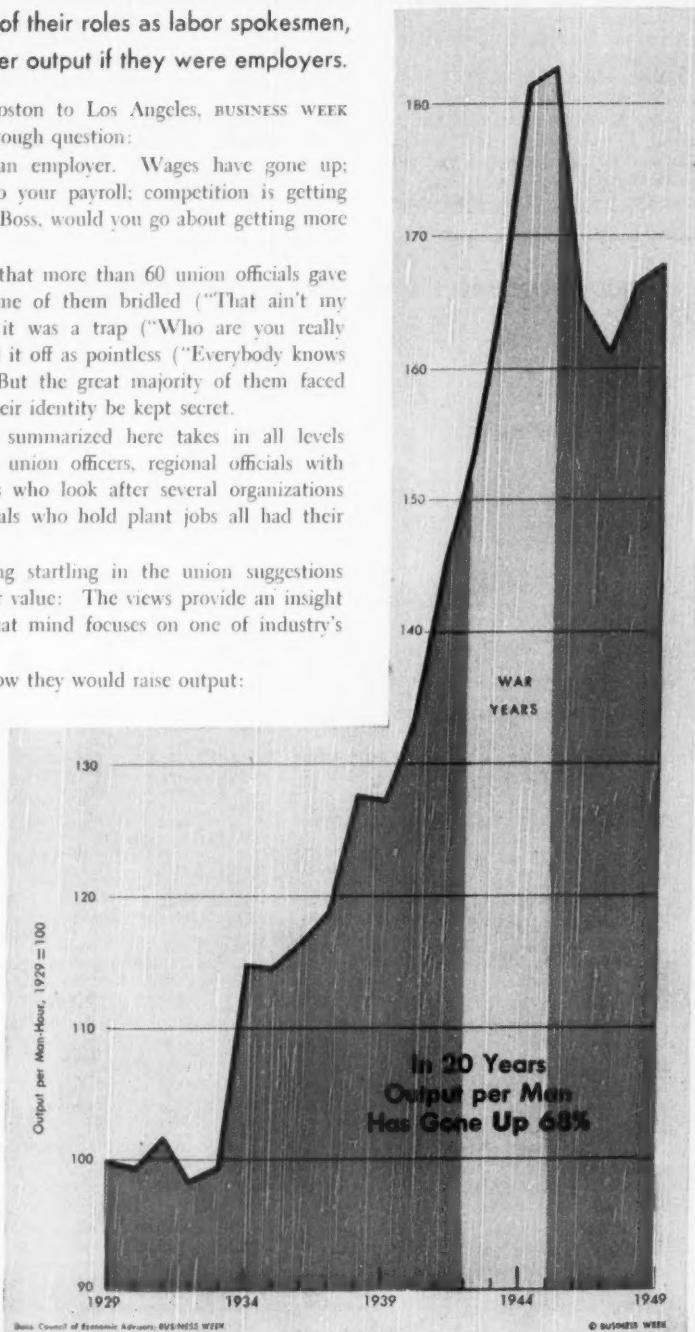
### I. Get 'em Young and Train 'em

When they hire, few employers think enough about the individual differences in workers. But these differences can mean one man's output will vary more than 25% from another's. So the first step in getting high productivity is careful selection of employees. Get a work force capable of high output without strain.

Don't put so much emphasis on work experience in hiring. The man with a long employment record may be ingrained with low-production work habits. If so, it's often hard to get him to change them. It's better to pick younger hands with little experience who can be trained to accept higher production norms.

Besides, younger workers are likely to be eager to show the boss what they can do and to make their mark. In a reminiscent mood, one labor leader summed this up:

"I worked harder on my first job than at any job I've had since. And I'll bet most guys did the same. If I were an employer, I'd fill my shop with young fellows just out of school who



were looking to get married and start a family. They'll outwork anybody."

## II. Peace of Mind—and Purse

No man is going to put out more effort than it takes to get by—if he's worried about working himself out of a job. Nor will he push himself if his old-age prospect is one of no pay and no pension.

Pensions, guaranteed annual wages, and other devices help foster a sense of security. But of equal—and perhaps greater—importance is the worker's belief that the employer really cares about these things. If an employer takes the trouble to impress workers that he is genuinely interested in them as human beings, he can build psychological security. And that may be just as important as the sense of financial security in getting employees to work better.

One college-trained labor leader put that idea this way: "What was really wrong with paternalism as industry practiced it in the old days was that it was a fake. It was rigged up as a pious cover for union-busting and low wages. But real, sincere, and intelligent paternalism could be a valuable thing."

## III. Some Say: Let Them Worry

Not all the union officials believed security brought greater output. One made a suggestion that might have startled even the generation of Carnegie and Frick:

"I'd put windows in my plant so everyone could see the plant gate. Then I'd hire maybe 20 or 30 fellows and have them line up there every day. Let my employees feel that plenty of other people wanted their jobs. That would make them step on it."

## IV. More Work, More Cash

Pay more for producing more. That was the near-unanimous opinion of the



### The Chart

No one has ever figured out a satisfactory way of measuring productivity. But you can get a rough idea of the long-run trends by taking Gross National Product deflated for price changes and dividing it by total hours worked. This, and other measures, show that in the past productivity has gained about 2½% a year. The exceptionally high productivity shown for the war years is really a statistical illusion. Official production figures for that period overstate the actual output.



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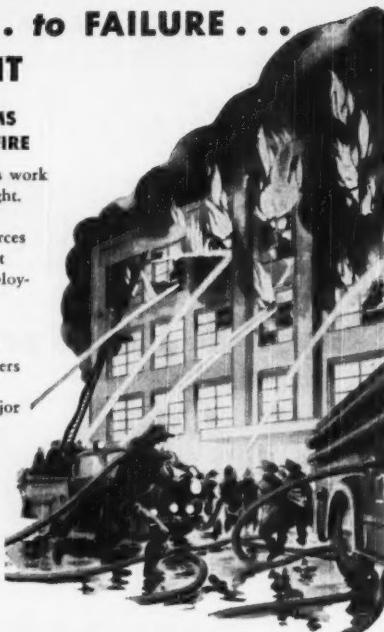
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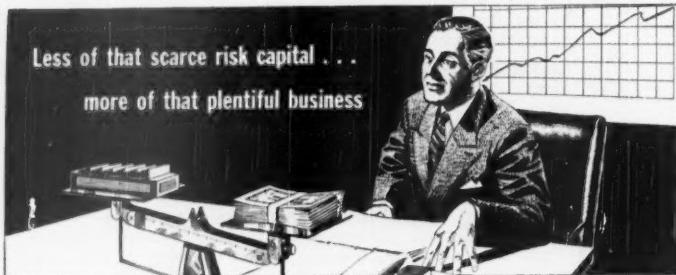
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# San Antonio

group. There was general agreement that—true or not—workers feel they are not fairly rewarded for extra effort.

On the whole, the labor men thought the best kind of incentive plan was the simplest. Most of them also agreed that an incentive plan should be something apart from a basic wage scale. One leader, however, vigorously disagreed with this:

"Simplify every job so that it can be put on a piece-rate basis. Tell workers they will get what they make—no more, no less. Don't pull the string on them. If they want to knock off a hundred bucks a day, that's fine. Productivity is what you're after."

### V. Information—Not Fol-De-Rol

The new emphasis on getting information to employees makes sense. But few employers seem to realize what it is that workers want to know. Here are some of the things employees should be told about:

First—and always—the importance of his job. Let an employee see how his work fits into a larger operation, and how that operation is important.

Another is business competition. If employees know the employer has to scramble for the business that keeps them at work, they'll be more cooperative.

Such information will help productivity more than fol-de-rol about profits, costs, taxes—in which employees have only an academic interest.

### VI. Rank-and-File Partners

Fuzzier than any other suggestion was one some union men called "partnership."

"Look at it this way," one of them said. "People in management may sometimes not be very efficient, but they sure work hard. Why? Get the answer to that question, apply it to rank-and-file workers and you've got the key. I think the answer has something to do with the fact that the management people think they belong to the enterprise, and the enterprise belongs to them. They're partners, in a sense."

How can you make workers partners? Some men thought profit-sharing might be the right sort of move. Others stressed employee representatives on boards of directors, labor-management committees, employee-elected company officials. No one, though, felt his suggestion would turn the trick completely. Each thought his proposal would only help.

### VII. Mechanize and Fight

More and more machines in place of manpower were a common suggestion. "But what would you do about union

protests at eliminating jobs?" one man was asked.

"Look," he replied, "you're asking me to think like an employer now, aren't you? Well, if I couldn't convince the union to go along, I'd fight them."

### VIII. Minds at the Workbench

There comes a point where a job becomes so routine that it has no problems. Many employers have carried work simplification too far. Leave a few problems and challenges in the work, and there will be some fun in it.

No one suggested raising output with Muzak or other techniques used to break monotony. All who thought

boredom a drag on output felt the work itself had to be made more interesting.

One local union man who divides his union duties with work in a manufacturing plant said, "Get those experts out of there who make jobs easier. They take all the kick out of working. Get some experts in who think you might have a mind and might want to use it on your workbench."

### IX. Good Leaders, Well-Liked

"If I were an employer anxious to increase productivity," one old-time labor leader from the metal-working industry mused, "I'd try a revolutionary experiment. I'd let workers in a depart-

ment elect their own foreman. It might turn out lousy; if so, I'd put the old foreman back. But I've got a sneaking suspicion it would do wonders."

Over and over again, the foremanship theme found its way into union suggestions. The biggest complaint was the foremen weren't liked. The labor people thought the most important qualifications for leadership were affection and respect. And all agreed that if leadership wasn't good, production suffered.

In concrete terms, suggestions for getting better foremen usually revolved around selection. Job proficiency and seniority were played down. More competence in human relations was the prescription.

## How Do Your Hourly Wages Compare?

If you want to see how the wages you pay stack up with the rest of your industry and with other industries—take a look at these figures.

They cover the 10-year period during which most employers more than doubled their payments to workers. They bring you up to the period in 1949 when unions switched their major emphasis from the next pay envelope to the distant future—from hourly wage boosts to pensions and welfare benefits.

If you try to carry these figures any further in the future, you will probably start running into trouble, because from here on out, as social security benefits increase, wage payments won't be telling the whole labor cost story.

When you study the table, here are some things to keep in mind:

(1) You have to remember the earnings figures in the table (those set in light type) are not just straight-time hourly wages. They are what the Bureau of Labor Statistics calls the average earnings "per working hour." They include everything that was actually paid to employees—overtime, shift premiums, holiday pay, etc.—so they

give a more realistic picture than you would get by just reading contracts for hourly wage rates.

(2) Industries change their relationships with one another over the years. The columns of figures in heavy type indicate how each industry ranked each year compared with the rest. Printing, for instance, has had its biggest jump since the war.

(3) With the exception of railroads, highest wages were paid in the industries most thoroughly organized by unions. Low-paying industries were generally those only lightly organized.

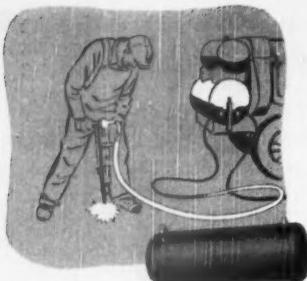
(4) The year the war ended—1945 (indicated by the yellow panel)—slowed down the general upward climb in average hourly earnings. That was because overtime payments tapered off. The only industry that actually recorded a decline from any year to the next was the auto industry in 1945.

(5) As far as wages go, shipbuilding turned out to be strictly a war baby. In 1943 and 1944 it paid the top wages, but by 1947 it had fallen back to its more normal position—somewhere in the middle.

Average Hourly Earnings — All Manufacturing

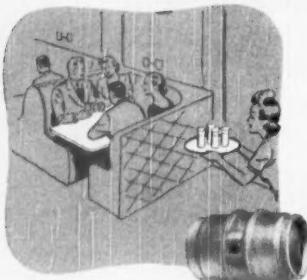


	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949
Soft coal	4.589	4.589	4.599	4.106	4.5114	4.5119	4.5124	2.5140	2.5164	1.5190	1.5194
Building	1.93	1.96	2.101	3.115	2.125	2.132	1.138	1.148	1.168	2.185	2.194
Printing	.887	.888	.90	.95	1.00	1.00	.914	.8128	3.152	4.170	3.182
Oil & coal products	3.89	3.89	6.95	6.105	5.113	5.118	5.121	5.133	4.150	3.170	4.179
Oil wells	5.87	6.88	7.93	7.101	7.110	7.115	6.120	6.131	6.147	5.167	5.178
Autos	2.93	2.95	1.104	1.117	3.123	3.129	3.126	4.133	5.147	6.161	6.170
Basic steel	7.85	8.85	5.95	6.103	6.112	6.117	7.119	7.129	8.144	7.158	7.165
Shipbuilding	8.84	7.87	3.100	2.117	1.128	1.134	2.137	3.138	7.145	8.157	8.162
Non-electr. machinery	10.75	10.76	9.83	8.96	8.106	8.112	8.114	10.122	10.135	9.147	9.153
Rubber products	9.75	9.77	10.82	10.92	9.102	9.110	10.113	9.125	9.139	10.146	10.151
Electr. machinery	13.70	12.73	11.80	11.91	11.97	11.103	11.105	12.113	11.127	11.139	11.144
Chemicals	14.65	14.68	14.74	13.85	13.92	13.95	13.99	14.108	13.123	13.136	13.143
Wholesaling	11.72	17.74	12.79	12.86	12.93	12.99	12.103	11.114	12.127	12.136	13.141
Railroads	12.71	13.72	13.75	14.82	14.90	14.94	14.94	13.112	15.117	12.128	14.141
Stone, clay, glass	15.64	15.65	15.70	15.75	15.78	15.85	15.90	15.93	15.104	14.119	15.131
Paper & Products	17.59	17.61	16.66	16.74	17.80	17.85	17.88	16.100	16.117	15.129	16.134
Food	16.61	16.62	7.65	17.72	17.76	17.80	17.85	17.88	17.99	17.114	17.124
Cigarettes	18.56	18.58	18.63	18.69	19.71	19.76	19.81	19.95	19.106	19.115	19.123
Textiles	20.46	20.48	20.53	20.61	20.67	20.71	20.76	20.89	20.104	18.116	19.119
Leather & products	19.53	19.55	19.60	19.68	19.75	19.80	19.85	19.96	19.105	20.112	20.114
Power laundries	21.42	21.42	21.44	21.49	21.53	21.62	21.66	21.70	21.77	21.82	21.84



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## LABOR BRIEFS

A nationwide-bargaining ban in a bill by Rep. Wood of Georgia would bar bargaining units with more than 10,000 employees of one employer. It would also limit joint bargaining by employers and demands for joint bargaining by a union.

**Unorganized workers**, estimated at 40-million in the U.S., will be the target of a new AFL organizing drive.

**Dismissal pay** is rare in current contracts, BLS says. Only 8% of the union pacts checked in 1949 provided pay for workers who lose jobs through no fault of their own.

**UAW strike costs** at Chrysler totaled \$1,112,169, up to Apr. 1. The union paid out \$731,548 in direct aid, \$347,957 in premiums to keep hospital insurance in effect. The strike assessment on working members brought in \$818,972.

**Union-Industries Show**, sponsored by the AFL Union Label Trades Dept., opens in Philadelphia on May 6. More



## Quill on the Warpath

Michael Quill, head of CIO's Transport Workers Union, took to the warpath in New York this week. To back a 21¢ wage demand, he pulled 10,000 subway maintenance men off jobs for a half-day strike. The stoppage, which didn't halt the trains, actually had a double purpose. Quill wanted to build up steam under the municipal Board of Transportation, which says it can't meet union demands. At the same time, he wanted to strengthen his position against Communists who are trying to undercut him in TWU. They had been arguing: "Red Mike" has softened up. He isn't pushing union demands the way he did before he veered to the right.

than 1,000 firms and 100 unions will take part.

A squeeze on Ford is likely as a result of last week's election in UAW's big Ford Local 600. Tommy Thompson was ousted as president—but half of his men kept their jobs. Each faction will be out to show it can harass the company more.

## End of the CIO?

Not yet. But moves toward unity may mean CIO will eventually lose identity in merged organization.

This is an election year—the open season for AFL-CIO flirtations. But again this year, a marriage before November is unlikely.

When organized labor is optimistic about its future, unity doesn't get very far. There may be talk of merger, as there is now, but there is no compelling reason for it. It is this lack of pressure that has stymied every unity effort since John L. Lewis first talked "ac-couplement" more than 10 years ago.

- **Agreement—Of a Sort**—In principle, both the AFL and CIO favor a united labor movement. Both, however, want it only on their own terms. And these terms are vastly different.

The AFL says the CIO unions are welcome to come back into the federation as individual organizations; that the jurisdictional problems will be handled by the executive council (made up of the 15 ranking AFL officers).

The CIO asks instead for "practical unity," first on the political and economic front, then a merger of equals into a new, all-inclusive labor congress.

- **Pessimism Needed**—Philip Murray's action now in starting unity talks aims at closer labor cooperation for the 1950 election. Probably, not much will come of it. But if labor-backed candidates do badly this fall, and the unions have to add years to Taft-Hartley's life expectancy, labor's chagrin may put force in the unity movement.

It seems pretty clear that when organic unity comes it will be the CIO that will have to make the most concessions. The hard facts give the AFL a strong bargaining edge.

- **Deciding Factors**—Once merger negotiations start in earnest, these will be the factors that carry weight:

- There are seven AFL unions with memberships over 250,000; there are only four CIO organizations that big.
- Twenty-one AFL affiliates have assets of more than \$2-million, only four CIO unions are that wealthy;
- AFL contracts cover industries of all

# CRISIS in the AWFUSS\*

(No. 5)

A THOUSAND-DOLLAR DRAWING

—RUINED! SOMEBODY  
SHOULD BE HUNG!

BETTER THE DRAWING  
SHOULD HAVE BEEN HUNG  
—STRAIGHT!



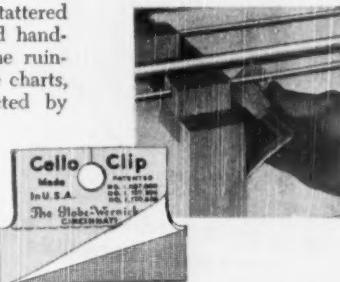
\*An awfuss is a place where business is misconducted

**DOG-EARS** and destruction, tattered edges and corners, wrinkles and hand-smudged surfaces—these spell the ruination of costly and irreplaceable charts, maps, tracings, drawings—exacted by archaic methods of storing such materials in rolls or in flat drawers.

It is foolishly expensive and wasteful—and quite unnecessary!

Cello-Clip provides the vertical FLAT SUSPENSION system of filing all papers of large or unusual size—each item faithfully protected, instantly locatable, easily examined without removal, and individually removable WITHOUT DISTURBANCE to other contents. It files individual sheets and groups of sheets, and safeguards miscellaneous sizes in Nearleather pockets—all in the same convenient, large-capacity system.

Globe-Wernicke Cello-Clip cabinets are available in two sizes—for papers with small dimension up to 30", or up to 36". They will accommodate papers up to 130"



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types. Its unions are able to weather most business setbacks that don't engulf the whole economy. CIO has all its eggs in a few baskets.

Objective observers have always held

that the CIO needed the AFL more than the other way around. And the CIO isn't apt to get the unity it wants until it's prepared to shut its own shop and become part of the AFL.

## THE LABOR ANGLE

**A** UNION and an employer are approaching negotiations for a new contract. The newspapers carry accounts of what the union will demand. The union leaders claim their demands are reasonable and justified. The employer has nothing to say. Whatever his position may be, he doesn't get a line in the press.

The negotiations begin. The union issues a statement. It holds meetings at which reporters are welcome. It's making news. The reporters working on the story call the employer. Again he has nothing to say. The next day's newspaper carries the union's claims and charges. The story could just as well have been written by the union's publicity man.

Negotiations deadlock and a strike begins. The union sends a committee to the mayor; it telegraphs the governor; its Washington representative calls on senators and congressmen. All the notables have their pictures taken conferring with union delegates. The union calls a mass meeting. It gets some kids, women, strikers with clever signs on the picket line. The news photographers have plenty of good pictures to shoot.

All the employer has to say is "No comment." At best, he may make public his final offer to the union before the strike began. And again the press coverage of the dispute reads as if it were written in the union office.

**T**HIS STRIKE drags on. Nothing new is happening. But the average newspaper reader wouldn't think so. Every day, he finds a new story in his paper. Some poor striker is being evicted from his home; local merchants are calling for an end to the strike; a clergyman declares that great moral values are at stake; the union files charges against the company with NLRB; a politician states the company has made unconscionable profits. Every day there is a new union statement.

But the employer perseveres with his "No comment." The newspaper accounts continue to read

like propaganda from the union.

Finally, in desperation, the employer buys some newspaper space. In dreary, full-page ads, he sets forth "The Position of the XYZ Company."

The union tees off on it. "A pack of lies," its leaders declare. "The company would rather spend its money on expensive ads than pay a decent wage." The employer doesn't know whether to try some more advertising in an effort to undo the bad impression it appears his first ad has made, or to resume his silence. He is convinced the press is against him. When reporters call, they have difficulty getting past a secretary.

The strike eventually ends. In a highly quotable statement, the union hails it as a great victory. The employer, even though thoroughly vindicated by the outcome, is so sick of the newspaper coverage that he gives orders that no one is to talk to the press.

**D**OES THE ABOVE account of a hypothetical strike seem too gross a caricature? If it does, call the city editor of your local newspaper. Ask him about it. He'll tell you that it's a typical experience; that it is repeated again and again. And if you get a tough-minded, professional city editor really started on the subject, he's apt to tell you that he's sick and tired of hearing newspapers called pro-labor and anti-employer in their handling of labor news; that if labor coverage is one-sided, it's management's own fault.

Of course, there are exceptions. Some companies do a competent job with press relations when they are in a fight with a union. But there are very few such companies. Industry's inept handling of labor news is a vestigial remnant of the abject inefficiency with which many companies used to approach all kinds of public relations.

Timidity explains a large part of what is wrong. Expert advice is available. The employer who thinks he's getting kicked around by the press frequently has only himself to blame.



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WE'VE TAKEN a slight liberty with the well-known Blue Bonnet Margarine commercial . . . Emphasized a couple of words that tie-in with our commercial, too. We know the folks at Standard Brands Incorporated will agree with us that Votator Margarine Apparatus has a lot to do with the fine *flavor* of Blue Bonnet Margarine and with the *economy* of its manufacture.

Votator Margarine Apparatus assures absolute product uniformity

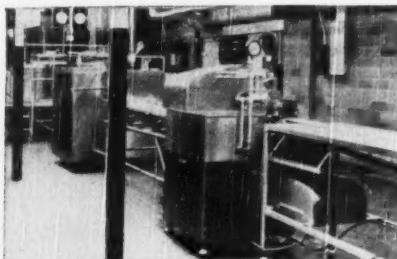
. . . in flavor, in texture, in purity. The ingredients flow through a fully enclosed processing system under precise, mechanical control. Variations in temperature, pressure and time are impossible. Atmospheric or other external contamination is impossible. And, because the process is conducted on a continuous flow basis, substantial economies in production time and labor are effected.

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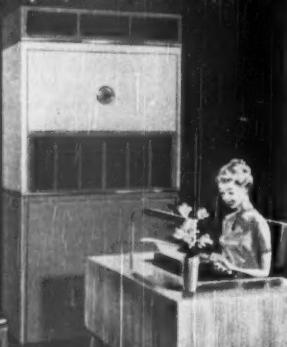
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PENSIONER NO. 1, 70-year-old Frank Wallace, has 30 years' service with Ford, is the first wage-earner to get direct benefits from unions' push for pensions.

## Pension Plans May Be Illegal

Companies would do well to call in lawyers and tax experts when they draw up pension plans. There's a bewildering network of law pertaining to pensions. Mistakes can be costly.

There are pitfalls in pension programs that even the actuaries don't know about. After being rushed into retirement schemes by union pressure or by a desire to move with a trend, some companies are surprised to discover belatedly that they are in trouble—with the law.

There are a number of laws that have a direct bearing on pension plans. Here are some of the most important pension requirements that employers have to watch out for:

**Section 302** of the Taft-Hartley act bans employers from making payments to unions for any purpose unless pension money is set to go into a trust fund.

**Federal Communications Commission**, Federal Power Commission, and Interstate Commerce Commission have regulations on funding past service credits for pensions in companies which come within their jurisdiction.

**Special state laws** in Massachusetts, Illinois, Nebraska, Rhode Island, and California restrict and require certain pension plan features in order to safeguard the public and protect the pensioner's rights.

**State insurance laws** in many states can be interpreted to cover pensions, welfare plans, and other "assured" employee benefits.

The **Securities & Exchange act** may be interpreted by SEC to require com-

panies with pension programs to comply with the registration and prospectus regulations of the law. The act may also cover a pension plan as an "employees securities company" under 1940 amendments which regulate investment companies.

The **Bureau of Internal Revenue** has standards for approving pension plans for tax purposes. Of all these legal requirements, the tax angle probably touches more pension plans than any other.

• **Deductible, or Not?**—The important thing for pension planners to consider is whether BIR will permit the costs of their plan to be deducted from profits before—or after—taxes. BIR is guided by the 1942 revenue act which set up precise criteria for deciding what types of plans qualify for favorable tax treatment.

The act was designed to make sure that pension plans:

(1) Do not discriminate in favor of highly paid employees, and against wage earners;

(2) Are not adopted as a temporary expedient;

(3) Cover only employees (by a strict interpretation of the word);

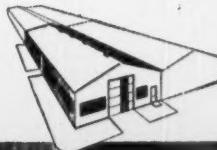
(4) Are actually sound;

(5) Provide true retirement benefits—not a hodge-podge of unrelated social benefits.

These requirements still prevail. Two

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## excellent opening available

- COORDINATOR FOR Statewide Electric Power Use Program to organize and supervise rural electric educational program for Iowa Rural Electric Cooperative Association. Duties of State Coordinator are to coordinate state activities, initiate and conduct training programs for local educational and power use advisor. Agriculture background helpful. Apply to George M. Sosalla, Manager, Pocahontas County Rural Electric Cooperative, Pocahontas, Iowa, giving full information relative to education, experience, job and personal qualifications, and salary expected. Box 6236.

## branch manager wanted

- LEADING STEEL office furniture manufacturer desires applications from men experienced selling office equipment to large national accounts and with ability to train and direct salesmen. Box 6241.

## plant superintendent wanted

- FOR HIGH quality custom built furniture plant. Thorough knowledge woodworking. Complete charge of production and personnel. Salary arrangements afford incentive. Box 6296.

## refrigeration sales engineer

- MIDWEST MANUFACTURER of air conditioning units has excellent opportunity with broad refrigeration engineering and sales background. Triple A rated company, nationally known and advertised trade name, with well-established sales engineering offices in all principal cities. Man selected must be qualified to train the sales staff and to assist them in closing large tonnage work. Address Box 6187.

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- MANUFACTURER'S REPRESENTATIVE wanted in Baltimore, Pittsburgh, Kansas City and Detroit, by national leaders in the manufacturing of stampings. Mechanical background required. Backed up by national advertising on an exclusive basis. Dayton Rogers Manufacturing Co., Minneapolis 7, Minnesota.

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- REPRESENTATIVE WANTED by a well established Midwest manufacturer of custom molded rubber products. Good technical preparation results in close tolerance and clear precision parts without flash or trim. Products include: O-ring seals, insulators, grommets, gaskets, etc. Installations include: hydraulic equipment, automotive industry, aircraft, medical equipment, etc. Must be experienced in rubber, as well as capable and aggressive, with a good earning record. Guaranteed salary and commission. Exceptional opportunity for a high grade professional. No one man in New York, and one in Philadelphia. State qualifications, experience and references. Personal interview. Write in confidence. Box 6244.

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- C.P.A. employed as controller and plant manager organization employing 400, desires change so that increase over current earnings of \$12,000 may be merited. Experienced purchasing, labor relations, coordination of treasury and management activities. Age 31, Box 6189.

## recent Harvard business graduate

- INTERESTED IN position in International Division of large corporation. Good foreign and American business background in marketing and purchasing. Reside N.Y.C. Box 6091.

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- GRADUATE REGISTERED professional engineer. Twenty years experience in cutting tools, packaging and allied processing equipment, tool design, site foreman, maintenance engineer and research director in medium size companies. Qualified for chief design or plant engineer. Box 6243.

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- COLLEGE GRADUATE Textiles: 20, single male. Some paid experience in time-study work. Box 6287.

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- MCGILL UNIVERSITY student receiving Bachelor of Architecture degree in May, 1959, has experience in prefabricated housing industry and desires position in this or related field. Married, veteran. (R.C.A.F.) Box 6212.

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- MCGRAW-HILL SALESMAN—proven sales record—returning to San Francisco for family health—broad experience in electrical and merchandising fields. West Coast and excellent contacts. Can be of great value to mfg. who desires better sales and distribution. Box 6195.

## record proves results

- SALES EXECUTIVE—Top (#1) Salesman for one of the nation's leading manufacturers wishes contact with new or small manufacturer. Interested in opportunity for partnership by re-investment of commission earnings exceeding \$10,000. Outstanding record and of accomplishments in pioneer sales of new products; both products now nationally distributed. College graduate with advanced study in economics. Box 6239.

## Pacific coast—11 western states

- SALES MANAGER—Tangible and intangible experience. Candidate complete charge sales operation, hire, train, administer, develop promotional material, good administrator. Eastern trained California resident. Successful west coast experience. Two employers last 17 years. Able document record claimed. Available 30 days. Box 6196.

## Oho sales position wanted

- SALES MANAGER—electrical engineer with broad sales experience to handle nation-wide distribution for electrical equipment manufacturer located in Ohio. Established line of A.C. and D.C. generators, general and special purpose motors, battery charging and other rotating equipment. Box 6211.

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- ONE of Florida's leading attractions. Fabulous and nationally known. Exceptional opportunity. Very profitable. Box 6262.

## textile plants—wood working indus.

- TWO SMALL towns in South Alabama will build buildings for two established textile manufacturers who can probably relocate in the South. Woodworking industries are invited as pine and low grade hardwood are plentiful. Non-union labor at minimum wages. . Scott & Porter, Attorneys, Chaton, Alabama.

## profitable lifetime business

- OWN A venetian blind laundry on protected territory basis. 45 units successfully operated. Total cost \$6350.00 on time payment plan. Ask for Booklet. Aiming at a First Year \$15,000 Profit". A. G. Laundry, Inc., 101 S. 4th St., Phila., Pa.

of them are now in dispute before the U.S. Tax Court.

• Lincoln v. BIR—In one case, involving Lincoln Electric Co. of Cleveland, the company put \$1-million into a trust fund to provide annuities for most of its regular employees. It did not plan to make further payments into the fund. Employees were to draw benefits after 10 years.

The Commissioner of Internal Revenue now seeks \$6,284.25 in taxes on income which the fund has earned. He contends the law waives taxes only where there is a systematic pension plan. The trustee for the fund counters that the law does not say that to be tax-exempt a fund must be based on regular contributions. The courts will decide who is right.

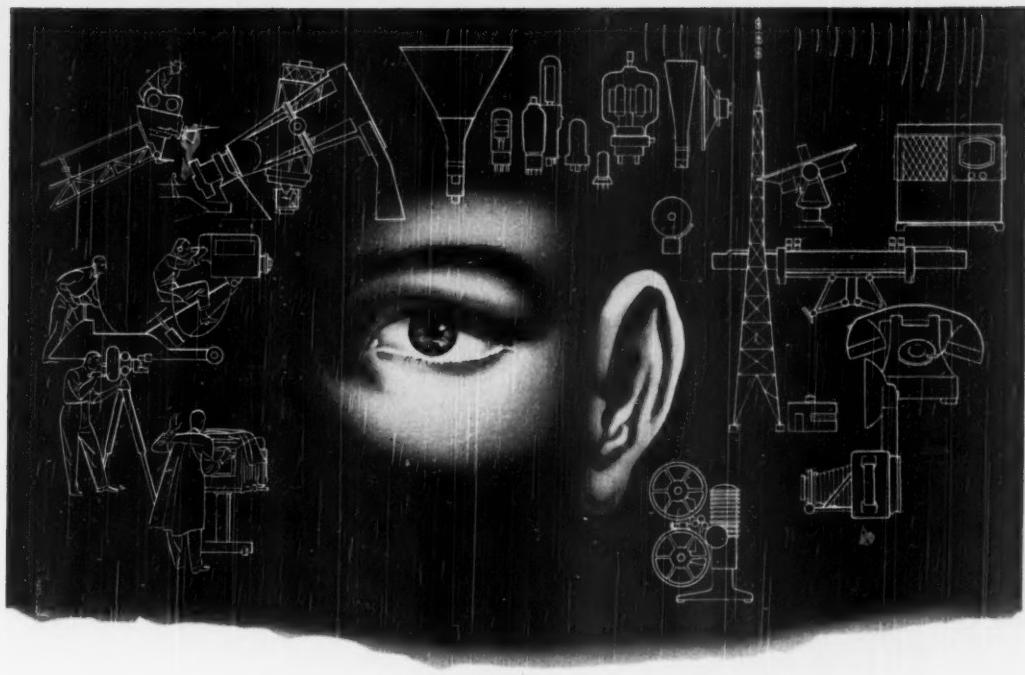
In another case, involving Wooster Rubber Co., Wooster, Ohio, the commissioner contends that the company paid into an employees' trust fund \$44,500.41 more than it contracted to pay. He refuses to allow the company to deduct this amount from its taxable income.

• Over-Generous—The commissioner's position is that payments can only be deducted as a cost of doing business if they are required by the company's pension or profit-sharing plan. Wooster argues that the law does not deny the taxpayer a deduction just because he is over-generous. Again, the courts will decide.

One other court case, already decided, affects a wide range of employers. It's the Inland Steel ruling. When the National Labor Relations Board ordered Inland Steel to bargain with the CIO on pensions, the company sought to have that directive reversed. The courts upheld NLRB, even though pensions were not mentioned in Inland's contract with the union. The law as it stands today makes it mandatory for every employer covered by Taft-Hartley to negotiate on pensions if its union wants to.

• Caution—What is clearly indicated by the litigation and confusion in the young pension field is caution. Projected plans should be carefully checked by tax experts and competent lawyers. Mistakes can be costly, as some companies are already finding out.

**The Pictures**—Cover painting by Don Peircey. Acme—70, 71, 72, 94; Charles Phelps Cushing—105 (rt.); Mary Flaherty—36 (lt.); Bob Icar—22, 23; Keystone—105; David Seymour (Magnum)—105 (cen.); Sovfoto—105 (lt.); Dick Wolters—38, 42, 43, 44, 50, 52, 54, 62, 63, 64, 77; Wide World—21, 26, 49.



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**FOR ANY INDUSTRIAL APPLICATION** in the manufacture of communications equipment, metal products, textiles, chemicals, foods, the advantages of Gas can be readily proved. There's always a way to do production-heating simply and economically with Gas—call your Gas Company Representative for help with your problems.

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# INTERNATIONAL OUTLOOK

BUSINESS WEEK

APRIL 22, 1950



Out of the London Conference next month may come the first steps toward a highly interdependent Atlantic community of nations.

You got hints last week from U. S. Chief of Staff Gen. Bradley and French Premier George Bidault.

Bradley's Chicago speech dealt with military interdependence. The U. S. must be prepared to give up "a bit of sovereignty" by unbalancing its armed forces. We would concentrate on air and sea power, Europe on land power.

Bidault's speech at Lyons stressed economic and political teamwork as indispensable. He called for an "Atlantic high council" to ward off the "twin dangers—aggression and depression."

Add up Bradley and Bidault, and you get confirmation of a hard fact: Western Europe—despite all our help—no longer can exist by itself (page 105). Its only hope lies in joining a larger community—either to the East or to the West.

Since the war, defeatism in western Europe has led to the belief that the only community open for membership is Stalin's.

Only now have there been signs that the U. S. would be willing to head up a western community.

Western Europe began to take heart with Secretary Acheson's plea for total diplomacy.

As Europeans see it, Acheson's policy underlines the interdependence of the western world. (What Acheson lacks in the way of a following in Washington, he more than makes up for in western European capitals.)

Then, at the Hague, western military chiefs spelled out military interdependence in specific terms (page 13).

It's definite now that, as part of an Atlantic community, western Europe will defend itself against communism—not wait for U. S. armies of liberation.

At London, the economic and political interdependence of the Atlantic community will get top billing.

Europeans will ask for the same U. S. participation in their economic planning as in their military planning. Otherwise, they say, there is no hope for such basic U. S. objectives as (1) knitting western Germany into western Europe's military and economic system; (2) getting Britain to take the lead in freeing trade.

Acheson will bring back from London a good idea of what further U. S. participation means—how much more arms aid, how many more tariff cuts, how much more economic aid.

Signs of more solidarity in the West may speed Stalin's timetable.

Cominform defense ministers met in Budapest recently to hear a pep talk from Soviet Marshal Voroshilov. He warned that a showdown with the West was inevitable, might come this year.

Voroshilov's warning won't be lost on the London negotiators.

French efforts to tailor military production to Atlantic Pact needs are running into snags.

Bloody battles between workers and police broke out at the French

# INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK  
APRIL 22, 1950

nationalized airplane factory SNECMA. Reason: Production cutbacks cost 3,200 SNECMA workers their jobs. The French are easing up on aircraft production because the British can supply planes cheaper.

SNECMA workers, both Communist and non-Communist, took over the plant in protest. The Communists had a field day.

French Communists are also making hay out of France's "infantry" role under the Atlantic Pact.

The idea that France—the most underpopulated country in Europe—should supply the manpower for the front lines is a thorn for all French political parties. But the Communists really rub it in. They scream about "drafting native cannon fodder for the master U. S. plan to colonize France."

James Bruce, recently head of U. S. arms-aid program for Europe, will be U. S. ambassador to London before the year is out.

Bruce will replace Ambassador Lewis Douglas, who is quitting due to bad health.

The State Dept. is cool to Bruce's appointment, but will not buck it. Bruce was a big contributor to Truman's 1948 campaign.

Yugoslav-Greek-Turkish defense alliance is the long-range U. S. objective in the Balkans.

Talks between the Greeks and the Yugoslavs have already started. That became possible when Gen. Plastiras, a moderate leftist, was named Greek premier after considerable U. S. pressure (BW-Apr.8'50,p112).

You can expect more loans—maybe arms aid—to Tito if he makes a deal with the Greeks.

Look for the U. S. to try to head off nationalization of the Ruhr coal and steel industries.

Attempts by the Allied High Commission to draft a law breaking up the old combines have failed. The French are still plugging for internationalization. The British and U. S. want the Germans to decide for themselves.

Support for public ownership is growing inside Germany. To head it off, the U. S. will suggest worker representation on the coal and steel boards.

Should Communist China and other Russian satellites be taken into the United Nations?

In his new book, "War or Peace," John Foster Dulles suggests it—if the satellites show no signs of being willing to throw off the Russian yoke.

Dulles may figure that the U. N. would be a good listening post for the U. S. now that diplomatic contact behind the Iron Curtain is getting weaker and weaker (BW-Feb.25'50,p127).

Dulles' book also gives Republicans a foreign policy blueprint of their own.

If the party buys it, Secretary Acheson will be taken off the hook—in Asia, at least. While Dulles criticizes U. S. postwar policy in China, he comes around to Acheson's views for the future.

Chances are, though, that will be just enough to make many Republicans disown Dulles' views.

# BUSINESS ABROAD



CRAMPED between an aggressive Russia and a vigorous U.S., western Europe has lost the power even to choose its own course.

## Which Way Will Broken Europe Turn?

**It has to turn one way or the other. It's no longer capable of staying alive by itself.**

Last week, Gen. Bradley and Premier Bidault of France gave newspaper readers their first inkling of the new plans for closer economic and military union between this country and Europe. Two weeks earlier, Howard Whidden, *Business Week's* foreign editor, had told *BW* readers about this momentous policy shift (*BW*—Apr. 8'50, p21; Apr. 15'50, p21). This week, Whidden reports from Europe on the underlying problem with which the new policy is designed to cope.

Western Europe today is like Humpty-Dumpty. Not all the king's horses and all the king's men could put Humpty-Dumpty together again. And not all the money that ECA has sent across the Atlantic will put Europe back on its feet.

The whole economic aid program has been based on a miscalculation—that Europe could be made self-supporting again.

Actually, Europe is in process of disappearing from the political map of the world. Two world wars have done more than destroy Europe's political and economic dominance. They have made it

incapable of independent political or economic action, incapable of supporting itself or defending itself.

Europe can exist only in one of two ways. It can become—even more than today—part of an American-led Atlantic community, or cast its lot with Russia, where its natural economic ties are.

Joined with either East or West, Europe can still pack a solid economic and military wallop. But even that last choice—which side to hook up with—is out of its hands. The decision rests with the U.S. and Russia. Naturally, few western Europeans care to admit this—even when they sense it's true.

• **Fatal Gap**—A look at Europe's dollar gap tells a good part of this story. In 1952, the gap is almost certain to be at least \$3-billion. If such a gap is to be closed after the end of the Marshall Plan—and without dangerously slashing Europe's dollar imports—the U.S. will have to do the closing. That means bigger U.S. imports of European goods, dollar loans to Europe and its dependencies, maybe even rejiggering of the dollar price of gold.

Russia could help close the gap too—by pushing trade between itself and its satellites and western Europe.

• **Tie That Binds**—Talk to any British or Continental businessman, and Europe's present dependence on America shows up. They all ask: What is the American economy going to do next? Every businessman in Europe feels that his fate depends on the business index in the U.S. And government economists in every country know that if America runs into a slump, western Europe will lose its present precarious balance between inflation on the one hand and unemployment on the other. These economists know too, that it is now politically impossible to let unemployment run its course as in the 30's; but they don't know how to insulate themselves from the U.S.

American arms aid under the Atlantic Pact is the other side of the coin. Western Europe itself is ready to make a real effort toward rearmament. But here again the area as a whole will need an increasing amount of military aid from America.

• **Miscalculation**—ECA went off the beam because it built on this concept: After two years of recovery in Europe, two years of reform. What it meant by

## BUSINESS EXECUTIVE'S GUIDE



1. Use this check-list guide to be sure of right methods, cost-reducing techniques, and management problems. Lists the necessary steps in fundamental matters of organizing, financing and managing business. A complete series of things to know, to watch, to do in order to make sure of correct internal management and practices. By J. R. Lesser, C. P. A. 282 pages, \$3.00

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5. This second edition tells you all you need to know to use banking services to your best advantage. Gives clear explanations of every phase of banking, from choosing a bank to getting the most out of your checking account. By W. Kniffen, Bank president. 229 pages, \$3.00

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reform was a free market of 270-million people.

The hitch is this. After two years of recovery, European businessmen don't see any need for the reforms it would take to get the free market out of the paper stage. On the contrary, they are slipping back into prewar habits of action and thought. Europe could afford these actions before the war because it had a big income from overseas investment. It doesn't have that income now.

Take the attitude of four of Britain's top businessmen toward competitive trade. These four men head big companies that have worldwide connections. Each one privately predicts the return of a world buyers' market; each says it would be a good thing. But as they talk, it becomes apparent that none wants to hand over world trade again to the market mechanism. Each is looking, for the moment on his own, for some "planned" pattern of world trade—in other words, for a reflection of the kind of thing they have in the British home market.

## I. Fight for Free Market

For all this discouragement, ECA goes right on plugging its competitive line. The chief project here is the European Payments Union—a complicated clearing house setup, designed to lay the groundwork for complete convertibility of western European currencies (BW—Apr. 15, p102). European central bankers don't like the idea. They say that Europe is on the verge of convertibility anyway, and that EPU will be a handicap.

• **Cartels**—When it comes to cartels—which could easily stymie ECA's plans—ECA has already thrown in the sponge. It tried to do something this winter through ECA-country missions. But the Organization for European Economic Cooperation wouldn't have any part of it.

At that point, Ambassador-at-Large Harriman passed the cartel problem on to the Economic Commission for Europe. That's the U.N. body in Geneva that includes Russians, eastern and western Europeans, as well as Americans.

ECE plans a two-pronged attack on cartels. One prong would be information studies; the other, agitation for national legislation to outlaw cartels. Britain, Sweden, and Denmark now have anticartel laws on the books. France is in the process of preparing one, with ECE's help. None of the existing legislation, however, touches upon international cartels. What's more, ECE itself has practically gone on record as favoring intergovernmental cartels for coal and steel in Europe. In these cases, however, the consumers'

interests would be fully protected.

German businessmen are fighting to rebuild prewar cartels for basic industries. They're ready to follow U.S. anticartel policy, though, if that's the only way they can save themselves from Socialist-sponsored nationalization.

## II. U. S. Move

If Europe's dollar gap is to be bridged between now and 1952, there are four ways to tackle it—apart from cutting imports drastically. The first three depend on U. S. moves.

- (1) A sizable increase in American exports from western Europe;
- (2) A big boost in American investments and loans abroad;
- (3) A rise in the dollar price of gold.

To Europeans, the only decisive way to boost dollar exports would be for the U. S. to slash tariffs mercilessly, and permanently.

There's no faith here that U. S. private investment will expand much either in Europe or in its dependencies. Chances are that lending will have to be by public institutions if there's to be enough of it to make an impact on the dollar shortage.

• **Costlier Gold?**—Boosting the dollar price of gold makes a lot of sense to Europeans. Washington would merely have to pay, say, \$50 an ounce, and other countries would adjust their currencies accordingly. However, realists here know that this is in the cards only as a last resort.

## III. Russia's Move

There's still a fourth way of dealing with western Europe's dollar gap—expansion of East-West trade. In this case, the ball is in Russia's hands. Biggest potential here would be trade with Russia itself—Russian bread grains and timber for western European machinery. ECE trade experts estimate that opening East-West trade could save western Europe \$1-billion a year—at the expense of American farmers and Canadian lumbermen. ECE is now dickering with Moscow on this subject, is waiting now for the results of an ECE junket to Moscow. Optimists at ECE think Stalin may buy the scheme. Here's their argument:

(1) Trade with the West can no longer pry the satellites away from the Soviet bloc. Russian control is now complete.

(2) Moscow might like to use trade as bait in Germany, and as part of a peace offensive in western Europe—to slow down rearmament. Western Germany would welcome this development. German industrialists could use the cash, and some of the stronger firms would like to get a foot in the east European market again.

# WHAT'S DOING IN DALLAS

## Utilities Expansion Marks Dallas' Growth

Dallas Power & Light, Lone Star Gas, Southwestern Bell invest millions in facilities required by city's phenomenal development. Water supply being tripled.

■ Possibly best able to testify to Dallas' phenomenal growth these days are the utilities companies serving the city.

They're having to spend millions in a race to keep up with the demands of one of the fastest growing metropolitan areas in the United States. Its momentum continues strong in Spring, 1950.

On the energy front, the Dallas Power & Light Company and the Lone Star Gas Company are doing the big job. D. P. & L. is providing the ready, willing, and able kilowatts in increasing abundance; Lone Star supplies the city with more and more of the Southwest's bountiful fuel, natural gas.

In communications, Southwestern Bell Telephone Company has spent \$25,000,000 in Dallas in four post-war years, and has a big new program in the works.

Dallas is also telephone headquarters for all Texas (\$378,000,000 plant serving 246 cities), and one of the country's eight regional long-lines toll centers (1,250 girls at the enlarged long-distance exchange).

■ Today, metropolitan Dallas is a wide-awake, forward-looking city of some 565,000 people, but with a business life and regional role\* that give it a hum and movement rather like that of a city of a million. It has grown an amazing 57 per cent since 1940.

Utilities managements in Dallas are moving vigorously now to provide the greatly needed new services of the present and prepare for a promising future.

Remarkably, Dallas Power & Light's post-war expansion program is doubling in a few short years the company's entire plant investment, adding in new record-breaking growth as much as had been accumulated in all its previous corporate existence since 1917.

Since 1945, total property investment in D. P. & L. has grown more than 60 per

\*See *Sales Management's* 1950 Survey of Buying Power, May 10, for latest on the 18-1/3 billion dollar Dallas Southwest market.

### LONE STAR STEEL (Thumbnail sketch of a Dallas industry)

By Julian Stag

Stories like that of Lone Star Steel Company of Dallas make romance of American business.

Several short years ago a somewhat daring idea was conceived in some Dallas minds. Today, a mighty, multi-million-dollar industrial plant lights the sky over the east Texas woodlands.

Lone Star Steel mines its own ore and coal, makes coke in huge ovens, and runs molten pig iron from the huge "Flossie Belle" blast furnace (1,200 net tons daily capacity). It "blew in" in late 1947.

When the company completes its new \$1,500,000 cast iron pressure pipe foundry now going up, it will be the only plant of its kind between the Mississippi and the Rockies.

cent. Last year the company put into service a new \$6,450,000, 70,000-kilowatt turbine-generator at its Mountain Creek Plant. It presently is completing another 25,000-kilowatt installation there.

At the company's Dallas Plant, under the downtown skyline, 66,000 more kilowatts are being added for service in 1951. With these additions the company will be capable of producing approximately 325,000 kilowatts of electric power. This compares with a capacity of 163,000 kilowatts at the beginning of 1949. These and expenditures for other new facilities, including transmission and distribution, are expected to total around \$32,000,000.

President of D. P. & L. is George L.



### THINK OF DALLAS

...and you think of beautiful girls. This is Dorothy Malone, another Dallas girl in the movies (currently seen in Columbia's "The Nevadan"). Delightful Dorothy grew up in Dallas, appeared in Southern Methodist University dramatics, modeled for Neiman-Marcus, was discovered by an R.K.O. talent scout. She's 25 and single.

Considering that the Southwest orders about two-thirds of all U. S. line pipe, the economic logic of the move is compelling.

Also compelling is Lone Star Steel's big goal of an integrated steel mill to dovetail with its present \$50,000,000 worth of iron-making facilities.

Rapid Southwest industrialization presents an eager market for steel on its regional doorstep.

Three years ago Texans took stock in Lone Star Steel at \$1.50 a share in something of a patriotic spirit to back new industry. Now the stock is around \$4.

At Lone Star Steel's home offices in Dallas, where leading banks assisted the enterprise, its hard-working management staff is headed by keen, aggressive Eugene B. Germany, president.

MacGregor, president of the potent Dallas Citizens Council and a director of the Dallas Chamber of Commerce.

■ A few blocks away in downtown Dallas from the D. P. & L. is the 13-story home office of Lone Star Gas.

This company serves Dallas and 348 other communities in Texas and Oklahoma. It operates in an area 382 by 363 miles square, employs more than 5,500 people, and at year-end 1949 had 499,585 customers.

Of these, 134,804 were in the Dallas division. From 1946, Lone Star has had a 34.1 per cent growth in customers in Dallas, averaging about 8,000 new customers yearly.

Throughout its far-flung system, Dallas' Lone Star spent \$74,452,840 in gross additions to property from 1946 through 1949.

Heading Lone Star is civic-minded D. A. (Dech) Hulcy. He was last year's president of the Dallas Chamber of Commerce, is a vice president of the U. S. Chamber, and first vice president of American Gas Association.

■ Telephones are ringing in a swelling crescendo in Dallas.

Where in 1940 there were about 100,000 phones in the greater city, today there are more than 224,000.

Since the war (in a 4-year period), the number of phones in Dallas increased 70 per cent, with demand continuing.

Southwestern Bell has in view a \$17,500,000 program needed in the next 18 months. General manager for Texas since 1926 has been engineering-trained Walter L. Prehn, also a Dallas Chamber director.

■ With urban growth goes need for water. The City of Dallas is now developing a system of reservoir dams which will more than triple the available water supply, and provide 163 billion gallons of raw water storage.

■ Thanks to its regional position, Dallas is the location of home offices of a number of large utilities, apart from those which serve it.

These include the Texas Power & Light Company (serving 52 counties in north, central, and east Texas); Southwestern Public Service, Southwestern Electric Service, Southern Union Gas, Republic Natural Gas, Gulf Public Service, and Utilities Natural Gas.

It is also headquarters for Southwestern Associated Telephone, a part of the largest independent telephone company in the country (General Telephone Corporation).

### DALLAS BRIEF

Air-minded Dallas ranks first per capita in the country for enplaning airline passengers, on the basis of most recent CAA figures.

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## PICTURE REPORT



**MIGHTY ANTAR**, named for a famous Arab warrior-poet, weighs 15 tons, can pull a gross load of 100 tons. There's a 250 brake-horsepower diesel under hood.



**KING-SIZE TRACTOR** slogs through muddy, bumpy testing area in England. Antar is designed for rugged desert duty, hauling pipe and machinery for Iraq Petroleum Co.

## Britain Builds a Mighty Tractor

Two British manufacturers have teamed up to turn out the country's biggest, most powerful tractor. John L. Thornycroft & Co., Ltd., designed and built the body of the Mighty Antar; Rover Co., Ltd.—makers of the first gas-turbine auto-pitched in with the engine. It's a diesel, turning out 250 brake horsepower at 2,000 r.p.m. So far,

after 1,000 miles of rugged testing, Mighty Antar looks good. It even gets up to four miles on a gallon of fuel.

Thornycroft's big tractor will be used in the desert by Iraq Petroleum Co. IPC wants to string a 560-mile pipe line, needs king-size tractors capable of hauling 1.5 million ton-miles a month.

## Tariff Deadline

If you fear lower tariffs, you have a chance to tell State Dept. so before it goes to tariff-cutting bee next September.

Worried about competition from imports? Would lower tariffs hurt your business? If so, you've got your chance to speak now—or hold your peace for a while.

• **State's List**—Last week, State Dept. published a list of items on which it will "consider" tariff cuts at a 40-nation tariff-cutting bee to be held in Torquay, England, Sept. 28. The list covered some 400 tariff categories, embracing several thousand imports from steel ingots to bleached beeswax.

If you think any import on the Torquay list menaces your profit margin, you can have your day in court. But you will have to act fast. Before May 10, let the U.S. Tariff Commission's Committee for Reciprocity Information know that you have a gripe. Submit a brief to the committee before May 17. Then you will get a public hearing sometime after May 24.

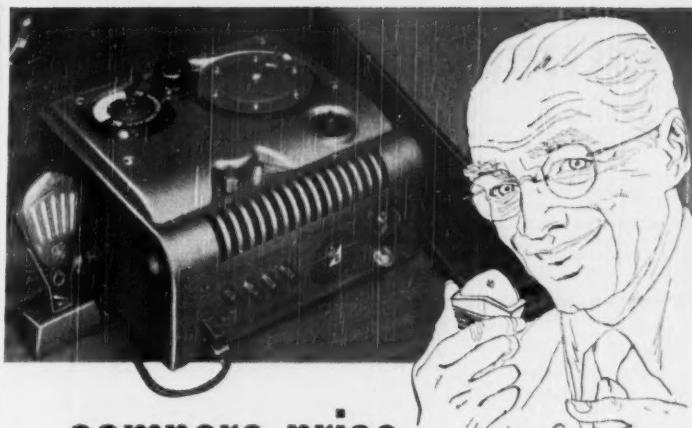
State expects plenty of fireworks at these open hearings. The Torquay list contains most of the items that always rub high-tariff businessmen the wrong way—chemicals (particularly coal tar products), wool textiles, pottery, glassware, paper, clocks (but no watches). If past experience is any indication, several hundred items will be dropped from the list after the public hearings.

• **"Primary Suppliers"**—Under the Geneva Agreement on Tariffs & Trade (GATT), the U.S. only negotiates tariff cuts with the "traditional primary supplier" of a given import item. The concessions granted apply then to all nations party to the agreement.

The U.S. will negotiate tariff cuts with 17 nations at Torquay. The Canadians and British are asking for the most concessions. But the most important bargaining will be done with West Germany.

Germany is considered "primary supplier" of an important list of imports—many chemicals, toys, special steel products, optical goods, and machinery. But no negotiations with Germany have ever been held under the U.S. reciprocal trade agreement acts. So U.S. tariffs on German goods date all the way back to the Hawley-Smoot tariff act of 1930. And these are high. Hawley-Smoot was originally designed to keep out German goods.

• **Newcomers**—At Torquay, the U.S. will talk tariffs with four other newcomers to the Geneva agreement—Korea, Peru, Turkey, and Austria.



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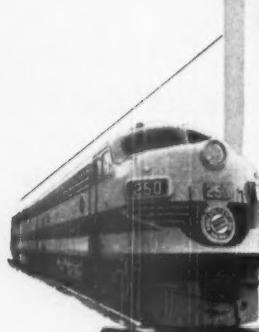
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IHC HOTEL, nestled at the foot of famous Sugarloaf Mountain in Rio, will look like this, cost \$8.3-million.

## PanAm's Hotels

Ex-Im Bank, foreign investors, will put up capital for 19 hotels around the world. PanAm will run them.

Ice water, modern furniture, and air conditioning for the world traveler—dollars for dollar-short countries. Both are behind a \$100-million project to spot a string of 19 hotels in South America and the rest of the world.

Mastermind of the six-year program is one of the world's biggest commercial airlines, Pan American Airways System. A wholly owned PanAm subsidiary, Intercontinental Hotels Corp., will act as architect, engineer, and operator for the chain. The U.S. government's Export-Import Bank will do part of the financing; the rest of the money will be put up by foreign businessmen.

Contracts have already been signed for the construction of two hotels—both 400-room affairs in Bogota, Colombia, and Caracas, Venezuela. Bids will be opened on a third—in Maracaibo, Venezuela—on Apr. 30. And negotiations are under way in Santiago, Chile, and in Rio de Janeiro (picture, above).

• Foreign Aid—Intercontinental Hotels Corp. has long been a gleam in the U.S. government's eye. One of the best ways to get dollars to dollar-starved countries is to have traveling Americans spend them there. And the tourists want hotels with all the comforts of home.

PanAm looked like a good bet to handle the deal—with its 150-plane

fleet, thousands of route-miles of air-lines, tie-ins with shipping interests (Grace Line), years of experience in out-of-the-way corners of the earth.

PanAm liked the idea, too. It figured that good hotels would sell lots of plane tickets. And PanAm's president, Juan Trippe, has long believed that the U.S. could teach foreign hotel men a lot about comfort and good hotel management. So PanAm and the government set up the deal together.

**• Operator, Not Owner—Intercontinental Hotels Corp. doesn't own the hotels it builds. First, it selects a good site; then it gets local businessmen to form a corporation to own and partly finance the operation. At IHC's request, Ex-Im Bank chips in, too. Most construction materials will be bought at the hotel site; but U.S. suppliers of plumbing, steel, and roofing materials will get a healthy chunk of the business.**

Besides the Latin-American sites, IHC plans hotels in Spain, Portugal, South Africa, Japan, Italy, and India.

## BUSINESS ABROAD BRIEFS

**Loss of foreign oil sales worries Standard Oil Co. (New Jersey).** "Discriminatory" British trade practices, says Standard, are diverting the business to British and British-Dutch oil companies. They cost the company 16-million bbl. in sales last year.

**West Germany and Yugoslavia have finally signed their \$127-million trade agreement, hanging fire since December.** The Germans will get foodstuffs, metals, and timber; the Yugoslavs will get manufactured goods.

**Wheat and rice shipments for China will be O.K.'d soon by the State Dept.** But the Communists may refuse food that private relief agencies are ready to send.

**Publishers can look forward to \$1.5-million in ECA business in fiscal 1950-1951.** That's the amount of European money ECA will guarantee to convert to pay for U.S. magazines, newspapers, and books.

**The British movie industry is still in trouble.** The government's National Film Finance Corp., Ltd., which was set up to help the industry, says it's running out of funds. And it sees no prospect of early repayment of \$12.5-million in loans.

**Russia is reconditioning another big German passenger ship, the 21,000-ton Hansa.** The Soviets now have at least seven large liners. Six were German, one is the ex-Polish motorship, Sobieski.

## ADVERTISERS IN THIS ISSUE

Business Week—April 22, 1950

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Agency—The Farnham Co.		Agency—Hatten, Barton, Durstine & Osborn, Inc.	
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AMERICAN BLOWER CORP.	38	KELLEN TOOL COMPANY	5
Agency—Brooks, Smith, French & Dorrance, Inc.		Agency—Fleischhauer Co.	
AMERICAN CYANAMID CO.	83	KLIPPEL VALVES INC., DIV. HAMILTON THOMAS CORP.	50
Agency—Hazard Advertising Co.		Agency—The S. C. Baer Co.	
AMERICAN GAS ASSOCIATION	101	LIBERTY MUTUAL INSURANCE CO.	14
Agency—Kaufman, Karp & Gross, Inc.		Agency—Hatten, Barton, Durstine & Osborn, Inc.	
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Agency—Symonds, MacKenzie & Co.		Agency—Fuller & Smith & Ross, Inc.	
AMERICAN OPTICAL CO.	8	LURIA ENGINEERING CORP.	99
Agency—Sutherland-Abbott		Agency—Richards & Co., Inc.	
AMERICAN TELEPHONE & TELEGRAPH CO.	102	MARINE DEVELOPMENT COMMISSION	50
Agency—Cunningham & Walsh, Inc.		Agency—Ray Mills Ad. Inc.	
"AUTOMATIC" SPRINKLER CORP. OF AMERICA	49	MARCHANT CALCULATING MACHINE CO.	84
Agency—Meek & Thomas, Inc.		Agency—Doremus & Co., Ltd.	
BALTIMORE REFRIGERATOR CORP.	67	MATTHEWS CHEMICAL CORP.	81
Agency—W. B. Remington, Inc.		Agency—Hatten, Barton, Durstine & Osborn, Inc.	
BUTIMINOUS COAL INSTITUTE	17	MCGRAW-HILL BOOK CO., INC.	106
Agency—Benton & Bowles, Inc.		MERRILL LYNCH, PIERCE, FENNER & BEANE	89
BLAW-KNOX CO.	7	Agency—Robert Frank Guenther Law, Inc.	
Agency—Al Price, Letton Co., Inc.		METAL OFFICE FURNITURE CO.	76
BROWN & ROOT, INC.	58	Agency—Worrell, Nichols & Associates	
Agency—Witham-Loughlin Wilson & Assoc.		METEOR PHOTO CO.	108
BUCKLEY INSTITUTE	96	Agency—Hershey Paxton Co.	
Agency—Earle A. Buckley Organization		MIDWEST FARM PAPER UNIT	66
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Agency—The Chemical Co.		MILLS THE MILLS CO.	47
BYRON WESTON CO.	96	Agency—Meermans, Inc.	
Agency—Walter B. Show and Staff, Inc.		MILPRINT, INC.	59
THE CANADIAN BANK OF COMMERCE	82	Agency—Jim Baker Assoc., Inc.	
Agency—The Canadian Bank of Commerce		THE MINNEAPOLIS & ST. LOUIS RAILROAD	
CEL-U-DEK CORP.	96	Agency—Addison Lewis & Assoc.	110
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CHICAGO WATCHCOCK CORP.	70	Agency—Hatten, Barton, Durstine & Osborn, Inc.	
Agency—Hatten, Barton, Durstine & Osborn, Inc.		NATIONAL CITY BANK OF N.Y.	3rd Cover
CHRYSLER CORP., AIRTEMP DIV.	98	Agency—National Foremen's Institute	108
Agency—Grant Adv. Inc.		Agency—Yates, Wertheim & Babcock, Inc.	
CITY OF SAN ANTONIO	92	NATURAL RUBBER BUREAU	55
Agency—Claude A. Allard and Assoc.		Agency—American Rubber Co., Inc.	
CLIAKE CO.	74	N. C. DEPT. OF CONSERVATION & DEVELOPMENT	38
Agency—W. E. Williams, Adv. Agency		Agency—Adams Bennett, Adv., Inc.	
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Agency—Brennan Adv. Co.		Agency—Young & Wilkins, Cole & Webster	
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Agency—17 Area Adv. Co.		Agency—Rossell & Jacobs, Inc.	
CLUES	100	PITTSBURGH ELECTRODRYER CORP.	77
COLD METAL PRODUCTS CO.	52	Agency—Fuller & Smith & Ross, Inc.	
Agency—H. M. Klimensmith Co.		PITTSBURGH STEEL CO.	98
COMBUSTION ENGINEERING-SUPER-HEATER, INC.	85	Agency—Hatten, Barton, Durstine & Osborn, Inc.	
Agency—M. M. Manufacturing Co.		PRESSED STEEL TANK CO.	94
THE COOPER-BESSEMER CORP.	45	Agency—The Hadden Co.	
Agency—The Griswold-Eshleman Co.		THE FULLMAN CO.	79
CROTTY BROS.	71	Agency—Young & Baldwin, Inc.	
Agency—Blaker Adv. Agency, Inc.		RAYBESTOS MANHATTAN, INC.	69
DALLAS CHAMBER OF COMMERCE	107	Agency—Grainger Brothers, Inc.	
Agency—Dallas Chamber of Commerce		RELIANCE ELECTRIC & ENGINEERING CO.	29
DOW CHEMICAL CO.	51	Agency—Meldrum & Fawcett, Inc.	
Agency—MacManus, John & Adams, Inc.		JOHN A. ROEBLING'S SONS CO.	37
DOW CORNING CORP.	54	Agency—The Hadden Co.	
Agency—John Wasmann Advertising		THE SHEFFIELD CORP.	85
E. du PONT DE NEMOURS & CO.	30	Agency—White & Burden, Adv.	
Agency—Batten, Barton, Durstine & Osborn, Inc.		SOCONY-VACUUM OIL CO., INC.	40-41
THOMAS A. EDISON, INC.	75	Agency—Compton Ads., Inc.	
Agency—James Thomas Chirurg Co.		SPERRY GYROSCOPE CO.	33
ELWELL-PARKER ELECTRIC CO.	84	Agency—The Hadden Co., Inc.	2nd Cover
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Agency—Johnson, Read & Co., Inc.		THE TEXAS CO.	78
THE FIRST BOSTON CORP.	82	Agency—Cunningham & Walsh, Inc.	
Agency—The First Boston Corp.		TINNERMAN PRODUCTS, INC.	12
FLORISTS' TELEGRAPH DELIVERY INTERNATIONAL	73	Agency—Meldrum & Fawcett, Inc.	
Agency—Grand Advertising, Inc.		TODD CO., INC.	53
FORD MOTOR CO.	58	Agency—The Merrill Anderson Co., Inc.	
Agency—R. E. Thompson Co.		TOWMOTOR CORP.	4
GENERAL ELECTRIC CO. (AIR CONDITIONING)	86	Agency—Howard Styrk, Adv. Agencies	
Agency—Kenson & Eckhardt, Inc.		TWIN DISC CLUTCH CO.	54
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CHEVROLET MOTORS DIV.	39	UNITED STATES RUBBER CO.	61
Agency—Cambridgeall Co.		Agency—D. Richards, Inc.	
GENTL MOTORS CORP., FRIGIDAIRE DIV.	43	VIKING CORP.	92
Agency—Foster, Cone & Building		Agency—The Jantzen Co., Adv.	
GEUDER PAESCHKE & FREY CO.	64	VOGEL-PETERSON CO.	108
Agency—The Kramer-Kraske Co.		Agency—Rossell & Jacobs, Inc.	
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Agency—The Griswold-Eshleman Co.		Agency—Fuller & Smith & Ross, Inc.	
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Agency—John Mahan, Inc.		Agency—James Thomas Chirurg Co.	
THE B. F. GOODRICH CO.	1	WYANDOTTE CHEM. CORP.	6
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# Unemployment Jitters: Only One Answer

When the federal government announced that unemployment hit a postwar high of 4.7-million in February, it touched off a palpable wave of jitters, and here and there a trace of ill-suppressed pleasure.

The jitters were caused by fears that the 50's would turn out to be the 30's over again, with a chronic mass of unemployment afflicting our economy. The occasional trace of pleasure was that of the subversive who wants our economy to fall apart completely, or that of the reformer who wants it to fall apart far enough to make his medicine attractive.

Now, in keeping with a seasonal pattern which is as well established as the coming of spring itself, unemployment has moved down from the February peak. It will probably keep moving down until midsummer when the largest graduating class in the nation's history is scheduled to enter the job market. Then we may hit a new postwar peak in unemployment.

## Two Things to Understand

If we are going to handle our unemployment problem successfully, it behooves us to approach it, both in terms of cause and cure, with a lot more understanding than was evident in most of the reactions to the recent peak, established in February.

About the nature of our current unemployment, it is particularly important to understand two things. One is that it is highly localized or regionalized. The other is that the total can be quite deceptive because of changes in our total labor force, produced largely by the war.

A large share of our current unemployment is concentrated in parts of the country, particularly the West, to which people have flocked because they like the idea of living there. A considerable additional block of it is concentrated in areas where the natural resources have become so thin that they have slipped below the margin of successful exploitation. Still another large part of it is in areas that the march of population, transportation, markets, etc., has made industrial backwaters.

This is not to say that unemployment is purely a local responsibility, or that the relief of it should be conducted on that basis. The relief of it has, in legal fact, been put on a national basis, and there is occasion to make that basis more substantial. But the remedy, as opposed to the relief, must include local measures to meet local problems, as well as broad national measures to meet the over-all problem.

In order to understand the full significance of statistics giving our national unemployment total, it would be desirable to know a lot more about the nature of the total working force.

Of an increase of about 7.5-million in the total working force since 1940, about 4-million have been accounted for by working wives, most of them over 35 years old. Almost

another million of the increase is accounted for by youngsters of high school age who both hold jobs and go to school. At the same time, the proportion of men in the 20-24 age bracket remains abnormally low because of the number of war veterans who are in school.

## What Can Be Done?

Is the large increase in the proportion of older married women in the labor force a fairly permanent fixture, or will it tend to wash out as the war recedes into the background? And what about the permanence of the greatly increased proportion of high school students with jobs? The real significance of the figures on unemployment depends on answers to questions like these as well as on a grand total.

Obviously, there are a good many measures that could be taken to reduce the national totals of unemployment. They include broadening the scope and benefits of old age and survivors' insurance so as to take more over-age workers out of the active labor force; raising the age limit at which youths may leave school to go to work; tightening up on work permits for students; raising the minimum standards of employment conditions for women.

All these, and no doubt a great many others, can reduce the number of workers looking for jobs, but they would not increase the number of jobs looking for workers.

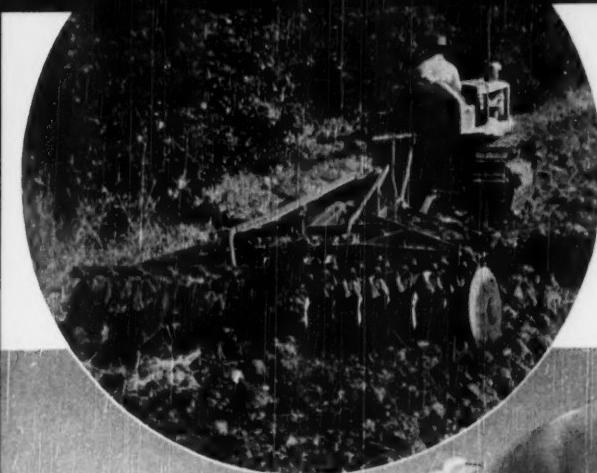
## Wanted: More Jobs

There is only one basic solution to the problem of unemployment in America—that is to have the kind of prosperous, advancing economy which is constantly creating new jobs and opening up new employment opportunities.

President Truman and his Council of Economic Advisers have recently laid great stress on the need for an expanding economy. They have announced official rejection of the doctrine of secular stagnation which cast such a blight upon government thinking during the decade of the 30's. They have also emphasized the fact that the one indispensable requirement of an expanding economy is increased business investment.

The President has been even more specific in recognizing the need to encourage venture capital as a means of stimulating increased investment, thereby creating more jobs. He has promised tax relief proposals to bring about this desirable end.

Unfortunately, however, the Administration has thus far failed completely to follow through with any concrete recommendations for removing the obstacles that stand in the way of an increased flow of venture capital. Effective measures to remove those obstacles would take us a good way along the road to our national goal of sustained employment.



## Sheep supply Uruguay with cash for farm machinery

Left: An orchard in Uruguay being cultivated with U.S. machinery.  
Below: Cleaning sheepskins on a ranch not far from Montevideo.



M. Gardner Patrick,  
Manager of our Montevideo Branch, has  
25 years banking experience  
with the Bank, most of it in Latin America.

PROGRESSIVE Uruguay is concentrating on developing manufacturing and agriculture. Nearly half of her purchases from the United States in the past two years consisted of farm, electrical, and industrial machinery and motor vehicles.

Wool exports are Uruguay's chief source of the dollars to pay for these purchases. Keenly aware of the value of selective breeding and basically still a pastoral country, Uruguay possesses today some of the best flocks of sheep and herds of cattle in the world.

Increasing tourist trade is another important source of income. With her pleasant climate, fine beaches, and resort facilities, the "Uruguayan Riviera" is becoming a favorite recreational center of South America.

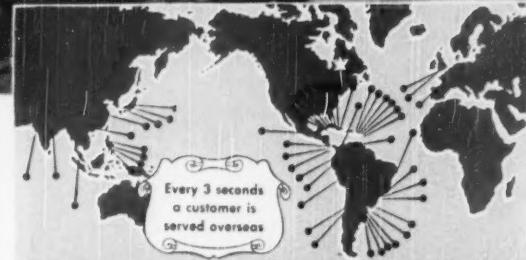
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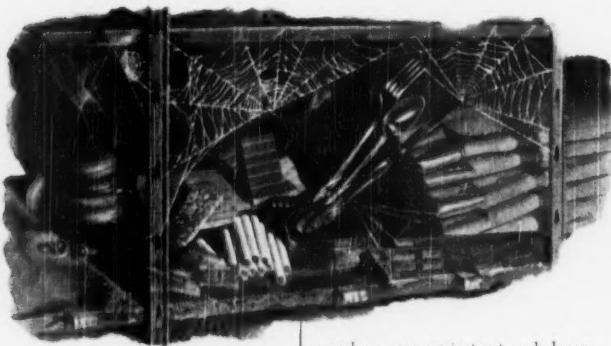
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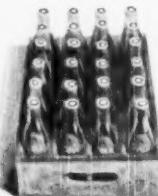
## INVITATION TO ALL INDUSTRY

The same basic benefits Monsanto chemicals and plastics bring to the packaging industry are available to all industry. If you have other interests than packaging, you are invited to contact Monsanto for information on ways to improve your products, speed production, increase sales and profits.



### NO PACKAGE ... NO SALE

If it weren't for packages, a lot of merchandise would simply sit on the shelf—gathering dust and cobwebs, but no sales. Fortunately, this can't happen, since the packaging industry is one of the prime merchandise movers in America. It is an industry of tremendous growth, based on constant development of new and better packages that sell as well as protect. Much of this progress in packaging stems from chemicals and plastics—many of them supplied by Monsanto.

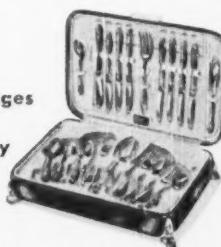


**packages  
within  
packages**

Monsanto chemicals penetrate deeply into all phases of packaging—including packages that contain packages. Bottlers, for instance, use pentachlorophenol to protect

wooden cases against rot and decay. Monsanto's "penta" makes them last years longer—provides clean treatment—doesn't bleed out . . . Santosite® and Santobrite® are two important Monsanto chemicals used by the fiberboard-container industry. Santosite is a mild semichemical pulping agent; Santobrite controls slime and algae.

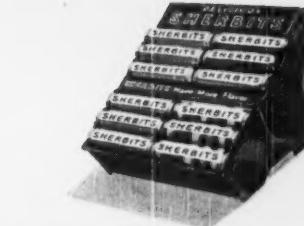
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for  
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### packages that sell

Display packages, designed for self-service selling, are also made of Lustrex. It is colorful, economical, strong, durable . . . Vuelpak® cellulose acetate combines transparency with glamour . . . Resinox® phenolic molding powder is extensively used for bottle caps and closures.



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### more information

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